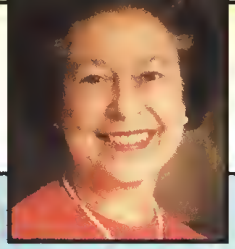
INSIDE:



QUEEN ELIZABETH'S 60TH BIRTHDAY

KURT WALDHEIM'S NAZI GHOSTS

Maclean's

APRIL 28, 1986

CANADA'S WEEKLY NEWSMAGAZINE

$1.75

The Fury of Khadafy

Libyan leader Moammar Mohammed Khadafy

0 55113 70001 17

If you're looking for the perfect memory typewriter, the Sharp ZX-515 is unforgettable.



If you're looking for the perfect text processor, the Sharp ZX-515 is the last word.

Every office needs a typewriter for something different. So we made the Sharp ZX-515 a typewriter that has a different something for every office.

The one on the right uses the ZX-515 as a memory typewriter that is unforgettable. What makes it so are 100 phrase memories, 10 line format memories, 10 column layout memories, 26 page format memories, 26 document memories. Plus an internal memory that can be expanded up to 40,000 characters. If that's not enough, you can add a disk drive for an additional 80K.

The office on the left uses the ZX-515 as a text processor that rivals word processors. It does so with search and replace, Block moves, Block delete. And something called text linking which allows you to combine two or more text or phrase entries with sophisticated ease. To make your words even more memorable, there's proportional spacing, Auto word wraparound, Justification. And bold print.

Whatever you use the Sharp ZX-515 for, you also get 32 character display, 500 character automatic correction memory, A high quality 112 character printwheel. Automatic paper insertion. Vertical line drawing and framing. And the ability through interfaces to turn the ZX-515 into a computer printer that's bidirectional. If all that sounds like a lot, you'll be pleased that the ZX-515 goes for so little.

For more information on the ZX-515 typewriter, see your Sharp dealer, today.

If the one on the right doesn't get you, the left one will. Sharp has been putting innovation into communication since 1915 when our founder invented the EVER-SHARP mechanical pencil. If you happen to own an original, we'd like to hear from you.

SHARP®

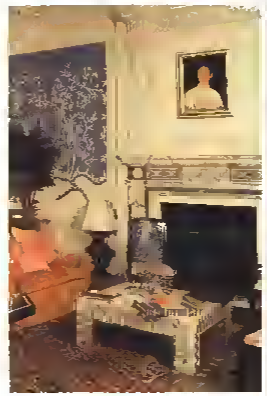
SHARP ELECTRONICS OF CANADA LTD.

335 Britannia Road East, Mississauga, Ontario L4Z 1W9 (416) 890-2100

CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

APRIL 28, 1986 VOL 99 NO 17



A capital flight north

Wealthy people in the Third World are sending their money to safe havens abroad—and the habit is threatening their nations' ability to pay debts *—Page 36*



The Queen at 60

Queen Elizabeth turns 60 this week, celebrating by attending an opera gala performed in her honor. Prince Andrew took the official birthday portrait. *—Page 46*

COVER

A dubious quest for revenge

Ostensibly, last week's attack on Libya by U.S. planes was a response to the bombing of a West Berlin discotheque which killed an American soldier and a Turkish woman and injured 230 others. But the world was divided over whether the attack was a blow to terrorism or a dangerous adventure doomed to increase it. *—Page 18*

COVER PHOTO BY ALPHA DIFFUSION • INSET PHOTO BY PRINCE ANDREW/ [illegible] AP/PRESS / AMERAPRESS



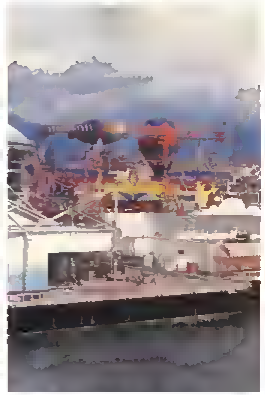
CONTENTS

Amiel	9
Books	57
Business/Economy	36
Canada	10
Cities	48
Cover/World	18
Editorial	2
Films	61
For The Record	60
Fotheringham	64
Justice	52
Letters	4
Newman	44
Passages	4
People	46
Sports	54
Transportation	49



Countdown on free trade

U.S. senators who threatened to block free trade negotiations with Canada delayed their vote on the matter, but doubts about the future of the talks persisted. *—Page 10*



Preparing for Expo 86

Prince Charles and Diana, Princess of Wales, will open Expo on May 2. With ticket sales booming, the show should be the hottest attraction in the country. *—Page 48*



A lesson long overdue

Canadians—and the Western world—should be under no illusions about the consequences of last week's U.S. raid on Libya. Inevitably, Moammar Khadafy and his terror-sponsoring comrades in Syria, Iran, Iraq, South Yemen and Lebanon will retaliate, striking at any vulnerable target in Europe, the Middle East or North America. As the casualties mount, many critics will judge the U.S. action at best futile, at worst the catalyst for a dangerous, global escalation of terrorism. Still, President Ronald Reagan's decision to send in American warplanes was justified and overdue.

The Libyan signature on terror attacks throughout Europe and the Middle East was so transparent that even the Europeans—with one eye perpetually fixed on their lucrative trade with the Arab world—were finally compelled to acknowledge it. As well, terrorists have been waging war on Westerners, their democratic values and their institutions for two decades. Last year alone, attacks on 87 targets in about 30 countries claimed 124 lives. No government—least of all the leader of the free world—can indefinitely allow its citizens to be killed without retaliating. The American bombing raid was a precise and restrained response to years of accumulated grievance and frustration.

It may not deter Khadafy or his allies. More likely, it will simply incite them. But fear of reprisal is not a convincing argument for indecision or wilful paralysis. On the contrary, it is an admission of weakness that terrorists will read as an invitation to stage more attacks, to commit more mayhem, to murder and maim more innocent civilians. Until last week only the Israelis had recognized that fighting terrorism requires political will as much as military might. In the process, Israel has incurred the wrath of those who believe terrorists can be fought with pious rhetoric and lame sanctions, indifferently applied. A much stronger penalty is needed, if only to teach the Khadafys of the world that barbarism will not be cost-free.

Having squarely confronted the issue, the United States must be prepared to maintain its pressure. But it is Canada's war, too. And the proper role for Ottawa is to give Washington as much support as it can to help ensure effectiveness.

Kevin Doyle

Maclean's April 28, 1986

Editor
Kevin Doyle

Managing Editor: Robert Lewir
Assistant Managing Editors: Carl Mollins, Alan Walker
Art Director: Nick Burnett
Senior Contributing Editor: Peter C. Newman
Senior Editors: Angelr Ferrante, Robert Marshall, David North
National Editor: Mirkerri Posner
Foreign Editor: Glen Allen
Department Editor: Malcolm Gray
Entertainment Editor: Val Ross
Business Editor: Patricia Best
Front Section Editor: Jared Mitchell
Editorial Controller: Valerir Chrysalalo
Senior Writers: John Barber, Rae Corelli, Mary Janigan, Brian D. Johnson, Bob Levin, Mark Nichols, Hal Quinn
Associate Editors: Murrar Gee, Patricia Hluchy, Peeter Kapvillem, Mary Mrlver, Mirhael Salter, Kevin Scanlen, Ann Walmsley
Staff Writers: Sherri Alkrnhevi, Ann Finlayson
Assistant Editors: Cindy Barrett, Andrew Bilski, Janet Enright, Nicholas Jennings, Anne Stancy, Theresa Tedesco, Nora Underwood
Operations Manager: Ken Asquith
Bureaus
Ottawa: Paul Gessell (Bureau Chief), Marc Clark, Hilary Mackenzie, Ken MacQueen, Michael Rose, Kaven Nicholson (Editorial Assistant)
Halifax: Chrir Wood
Montreal: Anthony Wilson-Smith (Quebec Editor), Bruce Wallace
Vancouver: Jane O'Hara
Washington: Marrer McDonald (Chief), Ian Austen
Europe: Ross Laver (London)
Chief of Research: Linda Bailey
Chief Librarian: Roberta Grral
Ruth Manson (Librarian), Sandra McGregor (Library Technician), Kelvin Seir (Library Clerk)
Chief Copy Editor: Tycho Manson
Copy Editors: Clrire Fraser, Stephanie Ortenzi
News Desk: Doreen Docherty
Production Superintendent: Beverley Kagayama
Production Assistant: Jnlir Casrin
Video Compositors: Ruth Atherley, Susan Hannaford, Monikr Hulsa, Heather Wakeling
Correspondents
Winnipeg: Doug Smith. *Whitehorse:* Jim Bathrr, *Regina:* Drlr Esler. *Fredericton:* Kathryn Harley, *Charlottetown:* Barbara MacAndrew, *St. John's:* Pat Roche. *Abidjan:* Lyse Doucet, *Auckland:* John Mollindrr. *Bangkok:* Paul Quinn-Judge, *Brussels:* Peter Lewir. *Buenos Aires:* Douglas Tweedale, *Caracas:* Merrill Collrit, *Dublin:* Brendan Keenan, *Geneva:* Burton Bellng, *Islamabad:* Alex Brodie, *Jerusalem:* David Bernstein, *Johannesburg:* Allister Sparks, *London:* Ian Mathrr. Philip Winslow, *Madrid:* David Baled. Paul Eilman, *Manila:* Lee Neumann, *Mexico City:* Ronald Burhanan. Eric Homovitch, *Nairobi:* Mary Anne Fitzgerald, *New Delhi:* Ezrr Silver. *Nicosia:* Jim Muir, *Paris:* Brigid Jansen, Alarr Treadley, *Peking:* Wendy Lin. *Rome:* Sari Gilbert, *San Francisco:* David Kline, *Santiago:* Mary Brien Spooner. *Sao Paulo:* Richard House, *Sydney:* Philip Grenard. *Tokyo:* Prter McGill, *Vienna:* Anton Koene. Sir Masterman
Contributing Editors: Mark Abley, Barbara Amiel, John Bemrose, Dan Burke, Ann Johnston, Wllrim Lowther, Robert Miller, Pat Ohlendorf, Lawrence O'Toole
Researcher-Reporters
Sharon Doyle Driedger (Senior Researcher), Julia Bennett, Mrry Brennon, Cynthia Brouse, Augusta Dwyer, Peter Griffin, Clarrlen Rowland
Art Department:
Giselle Sebatinr, John Stacey (Assirtant Art Directors), Tom Mets (Design Co-ordinator), Elizabeth Souza (Senior Designer), Loudr Irvin (Designer)
Chief Staff Photographer: Brian Willer
Photo Editor: Marrler Leupen
Diane Buror, Hilary Forrest, Maxine McDowall, Tom Sudton (Asuirant Photo Editors)
Assistant to the Editor: G.m Tayler
Assistant to the Managing Editor: Frances McNeely
Assistant to the Controller: Marianne Filo
Editorial Assistants: Sherry Barrett, Patricia DeFulvio
Copy Clerk: Mryl McKay

Publisher: James M. Miller

General Manager: Paul C. Jones
Circulation Director: Howard J. Adams
Director of Advertising Sales: Donald A. Ladkin
Promotion Manager: Shirley M. Black
Research Manager: Sharon A. Murray
Advertising Production Manager: Vernon Bertram
Customer Service Supervisor: Movir Jnlinr

Maclean's is published by Morlrse Hunter Limited
Chairman and Chief Executive Officer: Donald G. Campbell
President: Bernld W. Osborne
Vice-President, Magazine Division: Bruce t. Drane
Vice-President, Printing Division: Matthew H. Fyfe

MACLEAN'S established 1905, ir published and printed weekly by Morlean Hunter Limited. Maclean Hunter Building, 777 Bay Street, Toronto, Ont. M5W 1A7. (Macleanr Ir rvailable on 35mm microfilm and microfirhe, 416-593-5057) Montreal office: 1001 de Mrsonneuve ouest, Montreal, H3A 3E1. Vancouver office: Ste. 700, 1111 Melville St. Vancouver V6E 3V6. Contents Copyright © 1986 by Marlean Hunter may not be reprinted without permission. Printed in Canada. Canadian second-class mail registration number 1260. Second-class postage paid at Buffalo, N.Y. and at U.S. subscribers. U.S. Postmasters, send form 3579 to Maclean's, P.O. Box 4541, Buffalo, N.Y. 14240. Maclean's ISSN 0024 9062. Subscription prices: Canada, 1 year $39.00; U.S.A., 1 year $54.00; All other countries, 1 year $80.00. Change of Address: Send current address label and new address and date of move to: Maclean's, P.O. Box 1600, Postal Station A, Toronto, M5W 2B8. Allow right weeks.

URGENT SUBSCRIPTION PROBLEMS
Toronto 596-5523, all other areas (toll free) 1-800-268-9057

A Maclean Hunter publication



If your new $12,000 sedan accidentally becomes an $8,400 compact, who pays the difference?

The Royal Bank's exclusive Shock Absorber* car loan option helps protect your new car's purchase price for the first year.

Did you know that your new car may depreciate up to 30% during the first year? So if it's declared a "write off" by your insurance company during the first 12 months because of collision or fire, they may pay you only 70% of your purchase price. Which means you have to pay the difference if you want to replace your vehicle with a comparable, new car.

We'll make up the difference

Now, the new Royal Shock Absorber* car loan option helps protect your new car's purchase price for the first 12 months. For example, if your new $12,000 car is "written off", due to collision or fire, and the amount your insurance company pays (prior to subtracting your insurance deductible) is only the actual cash value of $8,400, we pay you the difference—$3,600.

Just $25 for the year

This added protection only costs you $25 for the full year. And no other bank offers it. It's available on Royal Buy Back* and regular car loans. Or, if you have an existing new car loan elsewhere, you can switch your loan to us and add the protection of our Shock Absorber option. Get full details at any Royal Bank branch.

*Royal Shock Absorber option is available for cars and light trucks for personal use. ©The Royal Bank of Canada 1986. All Rights Reserved. *Trademark*

EXPO 86 Vancouver — The official Bank to EXPO 86

ROYAL BANK

Polar friction

Your March 24 cover atory on the meeting between Prime Minister Mulroney and President Reagan ("Straight talk at the summit") included a paragraph concerning the Polar Sea transit of the Northwest Passage in August, 1985, that is factually incorrect. Contrary to your report, the United States first notified Canada of plans for the voyage of the Polar Sea through its Embassy in Ottawa on May 21, 1985. The subject was not mentioned or discussed when I met Secretary of State George Shultz in Washington on May 20, and it is thus quite inaccurate to say that any agreement on the terms of the voyage was reached at that meeting. Following the embassy's notification on May 21, the United States made it clear that the voyage would be without prejudice to the legal position of either side. On this basis, and pursuant to U.S. assurances regarding the protection of the environment and of Inuit interests, the voyage proceeded on a co-operative basis. Again contrary to your report, the Canadian government clearly pointed out the understanding regarding the nonprejudicial nature of the voyage, see, for instance, the news release issued by the government on July 31, 1985, which noted that "the transit, and the preparation for it, are without prejudice to the position of either country regarding the Northwest Passage."

—JOE CLARK,
Secretary of State for External Affairs,
Ottawa

●*Maclean's* stands by its story.

MOVING? CALL TOLL FREE
1-800-268-9057
596-5523
9 a.m. - 5 p.m.
Eastern Time
in Toronto

OR COMPLETE THIS FORM AND MAIL
AT LEAST 8 WEEKS BEFORE YOU MOVE

MOVING DATE
OLD ADDRESS
CITY
PROVINCE
POSTAL CODE
NAME
NEW ADDRESS
CITY
PROVINCE
POSTAL CODE

Maclean's
Maclean's Subscription Dept.
Box 1600, Postal Station A
Toronto, Ontario M5W 2K6



RICHARD HARTMIER

The Polar Sea: a public agreement

The neutrality debate

Barbara Amiel deserves considerable praise for "The case against neutrality" (Column, March 31). I realize how appealing Gwynne Dyer's compassionate plea for peace can be, but Dyer's solution is woefully naïve. How nice to see Amiel dissect and refute his arguments systematically rather than relying on some lofty conservative dogma.

—MARK STONE,
Vancouver

Gwynne Dyer's *The Defence of Canada* focused on many key issues apparently unobserved by Amiel, the most important of which is simply questioning the role that Canada does or does not wish to play in the world. It is high time that such an issue received a Canadian—rather than U.S. or British—interpretation.

—GRAHAM M. DAY,
Boutilier's Point, N.S.

Barbara Amiel and Gwynne Dyer both missed the fundamental point about our NATO membership. The North Atlantic Treaty enables us to participate in European affairs, including the East-West dialogue, in many different ways ranging from the political through military to even cultural affairs. Were we to give up or significantly qualify our membership, we would become isolated inside North America with nothing to offset the all-pervasive, albeit benign, influence of the United States. In that context, NATO is a vital hedge to protect what makes Canada unique.

—JOHN TOOGOOD,
Nepean, Ont.

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, Maclean Hunter Bldg., 777 Bay St., Toronto, Ont. M5W 1A7.

DIED: French author and intellectual **Simone de Beauvoir**, 78, an important catalyst of the women's liberation movement and companion for 50 years of existentialist philosopher and playwright **Jean-Paul Sartre** who died in 1980, of pulmonary edema following an appendectomy, in Paris. De Beauvoir's novels, autobiographies and commentaries explored aging, sexuality and gender roles of women in history and modern times. Her best-known work was the 1949 book *The Second Sex*, a passionate 700-page treatise on the inferior status of women and the need for a "totally new society."

DIED: French playwright, novelist and poet **Jean Genet**, 75, an ex-convict and self-confessed thief, prostitute and pimp whom writer **Jean Cocteau** once nicknamed the "Black Prince of Letters", of throat cancer, in Paris. Influenced by existentialist writers such as **Jean-Paul Sartre**, Genet, along with **Samuel Beckett**, was the most influential figure in the experimental theatre of the midcentury. Genet's plays, including *The Maids*, *Deathwatch* and *The Screens*, dealt with a world of thieves, prostitutes and murderers. Based on his own experience, they were the subjects of controversy when first performed, but many critics now regard them as among the most important in the international repertoire.

APPROVED: By the directors of Hiram Walker Resources Ltd., an amended takeover bid by Gulf Canada Corp. of Calgary, which is controlled by the Reichmann family of Toronto through Olympia & York Developments Ltd. Hiram Walker directors said in a statement that Gulf's latest offer of $38 a common share and $34 for the Class D preferred shares was "fair and in the best interests of shareholders."

WON: By *Toronto Star* columnist **Joey Slinger**, 43, the 1986 Stephen Leacock Medal for Humor for his book, *No Axe Too Small to Grind*, a collection of *Star* columns published by McClelland and Stewart. The award carried a cash prize of $3,500, funded by J.P. Wiser Distilleries. Declared Slinger: "I'm now going to buy stock in Wiser's. Then again, maybe I'll go to the Grand Canyon to do some bird watching."

DIED: **Leon Levinson**, 85, a working journalist until his retirement in December, 1982, after a brief illness, in Montreal. Levinson joined the Montreal *Gazette* in 1926 as a police reporter and spent most of his career covering civil and criminal courts, becoming a leading legal authority among journalists.

AN IMPERSONATION OF A CALAIS® CRACKER.



CRISPY



LIGHT



THIN



WHEATY



ROUND



TASTY



INTRODUCING CALAIS® FROM CHRISTIE®.

®Registered Trade Mark. ™Trade Mark. (1986) NABISCO BRANDS LTD. All rights reserved.

FOLLOW-UP

Defeating kidnappers

The nightmare was an all too familiar one for Italy's rich and powerful. In 1983 kidnappers grabbed Anna Bulgari Calissom, a co-owner of a prestigious Italian jewelry-store chain, and her 16-year-old son, Giorgio, from their villa near Rome. For 35 days criminals held the pair hostage, reportedly demanding as much as $6.6 million in ransom. At one point the abductors hacked off one of Giorgio's ears and delivered it to his anxious family in order to speed up negotiations. On payment of the ransom, the pair was released. Police later arrested five men and charged them with kidnapping. But the Bulgari abduction was just one of the more gruesome undertaken during the 1970s and early 1980s, when such abductions formed an explosive growth industry for criminals in Italy. For 12 years wealthy Italians lived in fear of what the nation's media branded Kidnappers Anonymous. But now, the abductions have subsided and the nation's wealthy class has emerged from more than a state of siege.

Until the 1970s kidnapping had been a minor problem confined to Italy's southern regions. But then, organized criminals stumbled on a lucrative formula. They were encouraged by then-inexperienced police and wealthy families who readily paid ransoms. Then, members of Italy's Red Brigade terrorists began to kidnap the powerful to undermine the government. Since 1974, 522 Italians have been held captive, and their relatives have paid out more than $280 million in ransom. In one of the most shocking incidents, terrorists snatched former prime minister Aldo Moro in 1978. Despite the largest manhunt in Italian history, Moro's body was later found stuffed inside a trunk of a car.

The attacks sent the nation's wealthy into hiding. They sent their children to boarding schools in the comparative safety of Switzerland. They hired bodyguards, bought bullet-proof limousines and abandoned lavish suburban villas in favor of more easily defended downtown apartments. Said one Rome real estate baron in 1980: "I am a prisoner of my success."

Even the willingness of families to pay ransoms did not always work. Forty-two of the victims were never found after ransoms were paid, another 24 returned home in coffins. In one grotesque incident, the abductors of coffee king Giovanni Palombini killed him during an escape attempt and kept his body in a freezer. They extorted $600,000 from his family by using photographs of the dead man propped up as proof that he was still alive.

But in 1983 kidnappings started to decline. Authorities attribute the drop—last year there were only eight—to improved policing. In recent years the police have arrested 2,033 suspects in 393 cases—although only 15 per cent of ransoms have been recovered. Investigators say that their increasing accuracy, as well as harsher jail sentences, have prompted criminals to resort to less risky pursuits, such as narcotics smuggling. And the Red Brigades, many of whom are now in prison, have sharply diminished as a threat. For wealthy Italians, a nightmare is finally receding.

—SARI GILBERT in Rome





Beyond the most advanced running shoe.
Beyond the highest priced.
In fact, beyond running shoes.

Introducing SPENCO® high performance Insoles. They'll deliver a level of shock protection and comfort unattainable in any shoe with standard-equipment insoles.

How? By making conventional foam-rubber insoles obsolete.

Spenco Insoles are constructed from an advanced neoprene material that's injected with microscopic bubbles of nitrogen.

And even though your foot will slam down on them with a force of up to four times your weight, these tiny "closed cells" will retain their shape. Their resiliency. Their "bounce".

Spenco high-performance Insoles. You can't buy them in any running shoe at any price.

But they're available now at better sports and drug stores from about $11.

Trade Mark of Spenco Medical Corporation Waco Texas
Distributed in Canada by Kimberly-Clark of Canada Limited

Spenco®



WE BOTH HAVE TO KEEP AHEAD OF THE GAME.

Business is competitive. If you're not moving ahead, you're falling behind. At Bell Canada we're committed to keeping your telecommunications systems on the leading edge of technology.

Smart business buys value and good value means Bell. We offer a wide variety of Long Distance services and pricing options to give your business the quality performance it deserves while at the same time keeping your costs down. Our sales consultants can custom design a telecommunications system specifically to fit your business needs.

Bell telecommunications systems, helping to keep your business ahead of the game.

WE PUT IT ALL IN EVERY CALL.

Bell

A member of Telecom Canada.



Your room always waits up for you.

Next time you reserve at Ramada, just ask for guaranteed accommodation.

If you do, you're guaranteed a soft bed at the end of your hard day.

Even if your hard day has turned into next day.

RAMADA
INTERNATIONAL HOTELS

Ramada Renaissance Hotels: Vancouver, Edmonton, Saskatoon and Toronto

Ramada Hotels & Inns: Quebec City Montreal (3) Ottawa/Hull Kingston Belleville, Trenton, Toronto (4), Niagara Falls London, North Bay Sault Ste Marie Timmins Thunder Bay Winnipeg, Fort McMurray

Call Toll Free: Ontario & Quebec (excluding Thunder Bay) 1-800-268-8930
Toronto (416) 485-2610
All other provinces (including Thunder Bay) 1-800-268-8998

DATELINE: HOGANSBURG, N.Y.

Bingo makes the big time

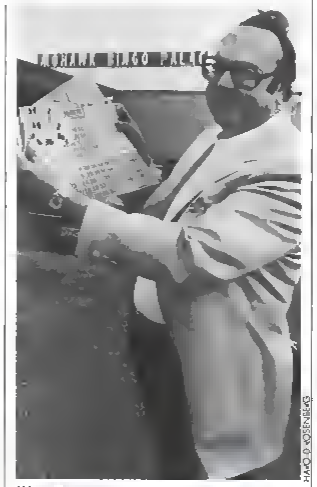
The Mohawk Bingo Palace is an extraordinary place. Located on the St. Regis Indian reserve two kilometres south of Cornwall, Ont., in upstate New York, the enormous $2-million building is designed to bring glamor to a game that has for years been identified with smoky, dim church basements. At the Mohawk, numbers are posted on 10 electronic scoreboards, and 15 closed-circuit television monitors enable all players—the building holds 1,900—to see the winning bingo card scrutinized for accuracy. "We have tried to bring comfort to bingo," said Guilford (Gil) White, a Mohawk and former ironworker who is part-owner of the Palace. "Our research told us that two-thirds of bingo players are women, and three-quarters of them smoke, we have twice as many bathrooms as normal halls and have installed the most sophisticated air conditioning system we could buy."

But the most distinguishing features of the Mohawk are the prizes. Every weekend night fans pay as much as $105 each on admission and cards to play a game known as high-stakes bingo. The prizes involve thousands of dollars in cash, new cars, television sets, vacation trips and jewelry. Because of special concessions granted to native enterprises on Indian lands, prizes are exempt from U.S. tax. And the winnings are far bigger than those allowed by law in neighboring Canada. As a result, bingo players travel to the Mohawk from as far away as Quebec City, Toronto and Boston. Said Ottawa businessman William Popowicky, who has won more than $28,000 after going to the Palace three times a week for the past year: "You get more bang for your buck here."

Jackpots have run as high as $180,000, and reports of winners driving home in new Cadillacs have led to high turnouts since the Palace opened last May. The Palace, located near the town of Hoganshurg, has become one of the main entertainment attractions in the industrial region dominated by aluminum smelters on both sides of the St. Lawrence River. Billboards at the border beckon Canadian bingo players crossing the two-lane Seaway International Bridge at Cornwall. "You see the same faces week after week," said Hull, Que., native Hugusette Lacroix, who makes the 120-km bus trip three times a week.

American Indian reserves have pioneered the high-stakes bingo games. In the 1970s, Floride's Seminole Indians took advantage of U.S. court rulings that granted Indians the right to make rules on taxation, effectively granting them immunity from state taxation laws on bingo games. Encouraged by the success of the Seminoles, other reserves opened for bingo business, and White estimates that there are now 90 Indian reservations hosting high-stakes games in the United States. In New York State, White and his partners have clearly found a willing clientele. "All we had to do was let it be known that we were open for business," said White. "There are not too many secrets in the bingo world."

But White and his partners encountered some resistance to their project from both the Indian and non-Indian communities. Recalled White: "Everybody and his brother was running a small bingo game and they didn't want the competition." The Palace has also cut deeply into the popularity of local bingo games off the reserve. "Several of our community games have had to close down or cut back because they are not getting the crowds," said R. Shawn Gray, executive director of the Massena Chamber of Commerce. But White says that his operation is not competing for the regular bingo competitors and added, "We are attracting



White: the allure of Las Vegas



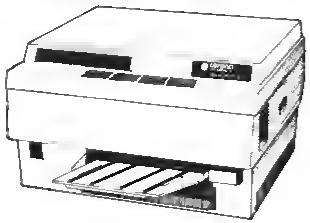
HARD BARGAIN.



THE CORONA HARD DISC PORTABLE

The Corona Portable PC gives you more features for less money. Time-savers like a 20 MB Hard Disk Drive. Lifesavers like standard 256K memory which is expandable. And a superb high-resolution monitor, 640 x 400 lines (200 more than IBM†), for cleaner characters and sharper graphics.

HARD WORKER.



THE CORONA LASER DESKTOP PRINTSHOP

The Corona Laser Printer interfaces with any IBM PC or AT compatible. It's up to 10 times faster than the best daisy-wheel printers with a quality of resolution far beyond any impact printer. And, as an added bonus, 38 fonts are included.

Come in and take a hard look at Corona today. corona data systems, inc.

CALL CDI—CANADA'S EXCLUSIVE CORONA DISTRIBUTOR FOR YOUR CLOSEST DEALER

CDI COMPUTER DISTRIBUTION

TORONTO (416) 495 1817/MONTREAL (514) 333-8280
CALGARY (403) 250-5706/VANCOUVER (604) 984-0641
CALGARY 1-800-661-8546

a different type of bingo player."

Some nearby store owners were also angry at the prospect of even more competition from the reserve, where retail sales in stores were already booming. An absence of state and federal taxes helps to keep prices low, particularly on such heavily excised items as gasoline and tobacco. Some local residents said that they were concerned that the Bingo Palace would contribute to an undercurrent of tension between Indians and whites.

But White has managed to win the confidance of his fellow St. Regis Mohawks. The Palace is now the largest employer on the reserve of 7,000, providing full- and part-time jobs for 140 people, 120 of them Mohawks. And while he currently pays the Mohawks a $14,000 monthly royalty, he has pledged to turn over 51 per cent of the bingo profits to the tribe once his initial investment is paid off. Said White: "Our tribe needs sources of revenue to develop an economic base." As well, hotel and restaurant businesses in Massena and Cornwall benefit from the bingo players who descend on the region. White has added a hotel reservation service to meet the demand.

For thousands of Canadian bingo enthusiasts, the Palace provides the same allure that Las Vegas does for followers of more glamorous games. Even the routine highway journey has taken on a carnival-like quality. Montrealers on the 90-minute "Bingo Express" to the St. Regis reserve occupy themselves with sing-alongs and even cash draws. Joseph (Pep) Frangione, an Ottawa tour-bus operator who won a contract to transport bingo players to the reserve from the Ottawa-Hull region, started the "Mohawk Bingo Shuttle" last year with one bus. Now, four luxury coaches make the 70-minute trip every Friday, Saturday and Sunday night, and Frangione has opened a second office in the nearby Gatineau Hills of Quebec. "There is never a slow season," he said. "This is bingo mania."

The Palace makes special provisions for Canadians: numbers are called in both English and French, and there is a currency exchange wicket which discounts the exchange rate by two or three per cent. Said Florence Lanoue, who often used to attend four different bingo games in Ottawa every Saturday before she discovered the Palace. "Everybody is nice here, from the security guards to the floor workers." During one particularly rewarding visit to the Palace last month, Lanoue won a trip to Las Vegas.

The Palace's only drawback for Canadian players is the long delay at the Cornwall customs post, as caravans of returning buses line up. Said one overworked Canadian customs agent: "It's a real circus around here when they go back, it's a zoo." But for most players, the delays and distance—as well as the expense—do not diminish the allure of big-time bingo. Although he had never won a major prize before, Popowicky expressed the infinite hopefulness of a true bingo addict. As he scrutinized the next number coming up on the nearest television monitor he said, "I want to see if I can win that car."

—BRUCE WALLACE in Hogansburg



Bingo players inside the Mohawk Palace: more bang for a buck

WHY ARE WE GIVING THIS GREAT LIQUEUR AWAY?

Because once you try it we're sure you'll buy it.

Myers's Original Rum Cream (M.O.R.C. for short) is a unique blend of superbly mellowed rum and dairy-fresh cream. We're sure you'll like it. And we're willing to prove it.

If you are having a gathering of 20 to 40 people, all of legal drinking age, just fill out the form on the right and send it to us. We'll arrange to visit you and serve everyone a sample of this excellent liqueur. Plus we'll take a few moments to tell you about this fine product.

But hurry, this offer is limited to 200 bonafide groups, so it's first come first served. There's never been a liqueur like Myerss Original Rum Cream. And there's never been an offer like this!



M.O.R.C. SAMPLING OFFER

Name or type of group _____

Type of Event _____

Expected Attendance _____

Contact's name _____

Address _____

Daytime Telephone # (___) _____

Restricted to Ontario Residents on a one-time basis
Expires April 30, 1987
Approved by the L.L.B.O.
Void where prohibited.

TO SET UP YOUR GROUP SAMPLING MAIL TO
M.O.R.C. Sampling Offer
P.O. Box 8, 70 University Avenue
Toronto, Ontario M5J 2M4

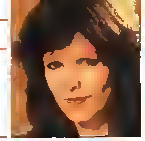
Please allow 6 weeks to set up your sampling

MC2



COLUMN

A radical approach to the NFB



By Barbara Amiel

The following is a selection of National Film Board of Canada releases and the NFB's notes on them.

● *In the Best Interests of the Children.* "This forceful film about the issue of child custody for lesbian mothers is a loving portrait of women and children and will destroy many stereotypes."

● *Marriage: Is It a Health Hazard?* "This film examines one of the most disturbing mental health statistics married women make up the largest percentage of first admissions to psychiatric hospitals."

● *Dream of a Free Country.* "Filmed in Nicaragua after the overthrow of the dictatorial Somoza government by the Sandinists National Liberation Front in 1979, this eye-opening documentary studies the heroic roles played by the women of Nicaragua in the revolution."

● *Growing Up Female.* "Produced in 1971, this film has become a 'classic' statement on oppressive conditioning and socialization of girls and women."

● *China: A Land Transformed.* "The orders from Mao Tse-tung ware to bring the rampaging Haiho River under control This absorbing half-hour documentary describes one of the greatest land transformations in modern history. One million Chinese peasants, equipped with nothing more than simple hand tools, reshaped the flood-ravaged North China Plain and turned it into food-producing land."

● *This is Only a Test.* "In 1982 the U.S. announced its desire to test their cruise missile in northern Canada—because the terrain is identical to that of northern Russia. People committed to peace reacted to the news there were demonstrations, discussions, protest and marches. This documentary follows a group of protesters."

These films are arbitrarily selected, but they are representative of themes at the NFB. Although the NFB makes hundreds of films about apolitical subjects, insofar as it tackles issues, it does so from a particular bias. Thus the NFB catalogue will list films about the dangers of nuclear power rather than its advantages, techniques of union busting rather than the abuses of union power, pursuit of peace through disarmament or neutrality rather than strength or alliances. Although the NFB distributes other countries' films, it will stock Shirley MacLaine on China rather than Britain's Lord Chalfont on totalitarianism. Surely the time has come to take a look at what is going on at the NFB.

It seems a good idea to have an NFB—or indeed a CBC and possibly a National Theatre as well. Nothing in this column is intended to attack the *idea* of such institutions. If they are well run and fulfil their mandates, they are money well spent, and a country as rich as Canada can afford them. The question is what should be their mandate and is it being fulfilled?

In the case of the NFB, broadly speaking, the mandate probably has two areas. There is a significant archival function, which as far as I know, it does very well. This involves recording and cataloguing films about Canada. The second part of the mandate should be to provide an opportunity for the best film-makers to mirror the realities and aspirations of Canadians. Does the NFB do this?

The NFB is being held captive by pressare groups that correspond to the views of a tiny minority of Canadians

Looking at the record, I think the answer has to be no. What has happened to the NFB is that the vast bulk of its programming has been captured by the sensibilities, and at times by the deliberate pressure groups, that correspond to the views of a tiny minority of Canadians. On virtually every public issue, an NFB film would correspond to the ideas of the 25 per cent of Canadians who support the NDP. This means that 75 per cent of the taxpayers who foot the NFB bill are totally unrepresented in social and political ideas, in feelings and sensibilities.

In fact, the 25 per cent figure is probably generous, because a good part of the NFB's output would be to the left of some New Democrats. Not every Canadian who votes for Ed Broadbent is as dewy eyed about Maoists as the NFB, or as militant a feminist as the NFB's Studio D woman's group.

There are probably all sorts of reasons for what has happened to the NFB, starting with the historical legacy of its founder, John Grierson. Grierson's muddled blend of Marxism and messianic zeal put him very close to being a fellow traveller, and perhaps this set the tone for the organization. Whatever the reasons, the consequences include the rewriting of history (*vide* the efforts of the NFB to defrock Canada's war hero Billy Bishop or film director Donald Brittain's attempts to do the same to defector Igor Gouzenko), attacks on basic Canadian values such as the family or free enterprise, attempts to foster a climate of appeasement or neutrality through the fostering of fear, admiring films about authoritarian or totalitarian regimes of the left—from China to Ghana.

Of course, one would be equally unhappy with the NFB if it were totally captured by people at the other end of the political spectrum or if the NFB only did programming that in some meticulous scientific way represented majority sensibilities and ideas. The problem is that the NFB should be open and accessible to the best people of *all* political points of view, and clearly it is not. If the NFB gives us the views of British leftist Barbara Ward on urban and Third World development, why can't Canadians hear the views of British conservative Professor P.T. Bauer or Jane Jacobs? If we have writer Margaret Laurence's thoughts on peace, why not those of writer Anne Roche?

The solution to this problem is not to abolish the NFB but to rescue it. A commission of inquiry could determine whether the charges listed here are accurate and, if so, could also be given a mandate to take the steps necessary to save the NFB from becoming little more than a propaganda machine for fellow travellers, peaceniks and left-faddists.

There are those who invoke "McCarthyism" at any suggestion that such a situation should be investigated. But surely the public is allowed to take a periodic look at any institution that is maintained by public funds—whether it is the St. Lawrence Seaway or the NFB—not with a view to censoring its day-to-day programming but to determine whether it is doing what taxpayers want. Without this, a country does not have responsible public institutions accountable to Parliament.

It's always possible, of course, that I am totally wrong and most Canadians want an NFB for the purpose of propagating the views of militant lesbians and liberation theologists. If so, that's fine with me. But my hunch is that a lot of Canadians simply don't know what is going on. If so, the time has come to set the record straight.

Countdown on free trade

For International Trade Minister James Kelleher, a soft-spoken labor lawyer from Sault Ste Marie, Ont, the week began with an urgent 8 a.m. telephone call from Washington. The caller was U.S. Trade Representative Clayton Yeutter, Washington's chief trade negotiator. Yeutter assured Kelleher that the Reagan administration would "pull out all the stops" to sway an obstinate U.S. Senate finance committee. Only days earlier the panel had warned that it would vote to deny President Ronald Reagan the authority to negotiate a Canada-U.S. trade pact with a minimum of congressional interference. That move had stunned Ottawa and Washington—and threatened a policy centrepiece of Prime Minister Brian Mulroney's 19-month-old government.

But last week supporters of free trade quickly rallied. Lobbyists and officials of the Canadian and U.S. governments—and Reagan himself—urged the 20 Senate committee members to support the talks. By week's end, the pressure was beginning to tell. Said Gary Holmes, an aide to Yeutter: "Momentum seems to be swinging our way, but whether it's swinging fast enough I can't say. It will come down to three or four votes." Canadian officials were not ready to declare the battle won. Kelleher, for one, was clearly concerned that Ottawa's cherished goal of a Canada-U.S. free trade pact had been caught in a power struggle between the Senate and the administration over control of American trade policy. Said Kelleher: "This is something more than a difference of opinion. It is a classic confrontation."

At issue was the Senate's threat to deny the administration the right to conduct trade talks with Canada on the so-called "fast track." Under such an arrangement, Yeutter would have a free hand in negotiating and simply present the pact to Congress for ratification. Without the fast-track sanction, Congress would be able to stymie any agreement with an endless series of amendments. Said Holmes: "If there's no fast track, there probably won't be negotiations at all."

In Ottawa, Kelleher and his aides decided on an aggressive defence in Washington. "We are not taking the hands-off approach that Canada has practised in the past," said the minister. "We are letting the senators know our feelings." In Washington, Ambassador Allan Gotlieb and his staff contacted several members of the committee either by telephone or in person. But despite the Canadian effort, the future of the talks clearly rested in American hands. Said Prime Minister Brian Mulroney: "It is between the Senate and President Reagan and his colleagues, and I think they'll carry the ball very well."

Still, Mulroney's highly publicized "special relationship" with the President seemed to be paying dividends. Even at the height of the international pressures last week over the U.S. attack on Libya, Reagan telephoned five key Senate committee members and urged them to support the proposal. Reagan talked to each senator for about 10 minutes. On one of those calls, he persuaded Oregon Senator Robert Packwood, the finance committee chairman, to put off the panel's scheduled April 17 vote until this week, giving the administration more time to lobby. The panel must decide the issue by late April. If it fails to vote, the talks could proceed as planned.

That concession may yet prove the key to saving the talks. As the week progressed, the administration rallied support from allies in Congress and the business community. Senator Richard Lugar, chairman of the Senate Foreign Relations Committee, sent Packwood a letter pointing out that the Mulroney government was following policies "highly compatible with U.S. interests." Added Lugar: "A rejection of the administration's request for negotiating authority could, indeed would, lead to a rethinking of U.S.-Canada co-operation across the board."

By midweek some of the leading voices of American business had joined the chorus favoring the fast-track approach. On Wednesday the National Association of Manufacturers hand-delivered to each committee member a 1½-page letter urging them not to vote against the proposal. The letter was endorsed by 13 prominent business groups ranging from the Rubber Manufacturers' Association to the U.S. Chamber of Commerce. Influential corporations also entered the fray. "A lot of individual companies that had not been lobbying are now reacting," said Robert Morris, the association's director of international trade. "The delay should work."

But other observers were not so sanguine. Despite mounting pressure, there were persistent signs that many senators were determined to vote against Reagan's request. In fact, an informal *Maclean's* poll last week indicated that only four of the 20 committee members were willing to vote for the talks, while three were undecided or failed to voice an opinion. On Wednesday, 12 senators wrote to the White House asking Reagan to withdraw the fast-track proposal.

Holmes and Morris divided the opposition into two camps: those senators with specific complaints about Canadian trading practices, such as low-priced lumber exports, and those irritated by the Reagan administration's trade policy. It is this latter group that Canadian officials describe as the heart of the opposition. Canada was "sideswiped," according to Kelleher, "in a spontaneous outburst of senatorial frustration at a variety of administration policies."

Reagan has repeatedly frustrated congressional efforts to bolster hard-pressed U.S. industries by opposing protectionist legislation. Last December he vetoed a bill that would have limited imports of foreign textiles. And in defence of presidential prerogatives, the President has also refused to discuss proposals for a wide-ranging trade bill that would allow Congress to address a host of grievances with America's trading partners.

Some legislators also have serious reservations about the fast-track process itself. Since that option was written into law in a 1984 trade bill, it has been used only once—during negotiations of a free trade agreement with Israel last year.

Eight of the 12 senators opposing the fast-track method are objecting primarily to Reagan's liberal trade policies. The President's request for approval of talks with Canada provided a "convenient opportunity to express that frustration," said an aide to Pennsylvania Senator John Heinz, whose state has suffered from imports of steel and other industrial products. But he added: "I don't know what they could do to change the Senator's mind. He is very wary of giving a green light to negotiations without a trade policy being in place."

Gotlieb found Heinz and his colleagues particularly difficult to sway. But as the week wore on, the Canadian ambassador found that senators concerned about specific bilateral trade irritants were more flexible. According to John Fieldhouse, the embassy's spokesman, Gotlieb argued: "You senators are giving thumbs down to negotiations that would deal with the very issues you're unhappy about. It's perverse and absurd."

The Reagan administration also decided to focus pressure on single-issue opponents, particularly five senators influenced by the lumber lobby. The five: Oregon's Packwood, Max Baucus (Montana), Steve Symms (Idaho), David Pryor (Arkansas) and George Mitchell (Maine). The key target was Packwood, who faces a re-election campaign in November in a state whose once-powerful logging industry is reeling under pressure from cheaper softwood lumber imports from British Columbia. U.S. critics argue that provinces are subsidizing Canadian lumber companies by charging them artificially low fees for cutting wood on Crown land. If the White House swayed Packwood, he could bring several others with him, said Len Santos, an international trade lawyer with the Senate committee.

In Ottawa, Mulroney restated his refusal to make concessions on the softwood lumber issue—or any other trade problem—before the talks begin. Such a concession might help swing the committee. But the Prime Minister, already subject to criticism of his close relationship with Reagan, is clearly concerned that any concessions would be seen as caving in to American pressure. "To say the least, it would be politically damaging," said one senior government official. The Senate challenge has clearly become a test of Mulroney's relationship with the Reagan administration—and of the President's commitment to freer trade with Canada.

—MARK CLARK with IAN AUSTEN and WILLIAM LOWTHER in Washington and HILARY MACKENZIE in Ottawa



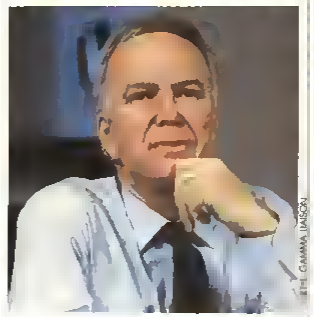
PHOTO: CARRY WOOD

Logging in British Columbia: single-issue opponents to a free trade policy may be more flexible



JOHN MAJOR

Kelleher; Packwood (below): fast track



THE GAMMA LIAISON

Shedding new light on the Daewoo deal

When Industry Minister Sinclair Stevens stood in the House of Commons on Jan. 28 to answer a question, he appeared indignant. A controversial proposal from the South Korean multinational, Daewoo Corp., to bring hundreds of workers to Canada to operate a suit-making factory, he told New Democratic Party immigration critic Dan Heap that day, had been rejected "out of hand." But documents since obtained by *Maclean's* through the Access to Information Act indicate that the proposal was, in fact, studied at various levels of government for at least five months. Consideration of the proposal appears to have ended only after a reporter obtained details (*Maclean's*, Feb. 3), and Heap raised questions in the Commons.

Leafing through the heavily censored documents last week, Heap described Stevens's January statement as "unacceptable" and his actions as "slippery." Pointing to the stack of letters and government memos on the subject stretching from September, 1985, to January, 1986, Heap said, "That doesn't sound like an out-of-hand rejection to me." However, Stevens's press secretary, Vera Hollad, said the minister had decided from the beginning that "the proposal wasn't going to work." She said he had only continued talking to Daewoo because he hoped the company would produce a new proposal that eliminated the imported workers and conformed to immigration rules. When no such proposal emerged, she said, the project died.

One point that the documents do not fully clarify is the role played by Employment and Immigration Minister Flora MacDonald in scuttling the proposal. Some government officials, who nicknamed the project "Sinclair Stevens's baby," claimed that MacDonald vehemently opposed it. They said her stand was symptomatic of several disagreements the two ministers have had over job creation strategy.



Stevens; MacDonald (below); a heavily censored record

Stevens's department of regional industrial expansion (DRIE) asked MacDonald's department last fall to study the Daewoo proposal because of possible immigration problems. Meanwhile, Stevens appointed Terry Ford, a senior DRIE official, to head what was called the Canada-Korea Project and negotiate with Daewoo. In an interview last week Ford said, "The senior people of the company were told, 'Look, we'll try to get an agreement from MacDonald, but it probably won't fly.'"

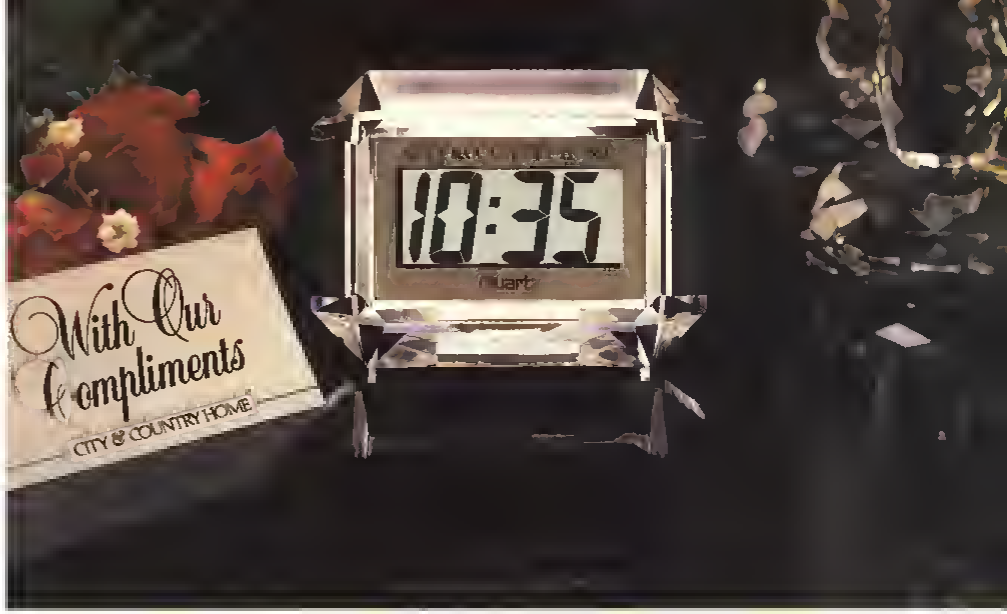
Although the documents show that DRIE officials recommended Stevens and MacDonald meet to discuss the issue, Ford said he was not aware that any meeting ever took place. "What happened with that proposal is it was recognized it could not move forward until Stevens and MacDonald could agree," said Ford. "And when ministers don't meet on something, basically it's because the time's not right or the deal isn't going to be made."

Whatever MacDonald thought of the project, she appears to have been reluctant to make her views known publicly. In a brief interview with *Maclean's* on Jan. 21, MacDonald was asked about her department's role in the negotiations. At first she chuckled and then, breaking into a broad smile, replied: "No one's talked to me [about it]. I'm sorry I can't be of any help to you in that regard." However, the documents obtained from her department and from DRIE indicate that MacDonald was briefed on the subject as early as Oct. 21 by her deputy minister, Gaétan Lussier, and was kept informed throughout the talks. MacDonald's press secretary, Brian Grant, said last week that the project must have "slipped her mind" when she was asked about it in January.

Evidence of MacDonald's involvement is disclosed by a Dec. 9 memo sent from one senior official of her department to another. The memo said: "In view of the strong possibility that Mr. Stevens may approach our minister again shortly on the Daewoo proposal, we recently prepared a memorandum to her highlighting the policy issue and outlining four options for dealing with it." Those options, along with many other missing pieces to the puzzle, were censored by government officials before the two departments released the documents to *Maclean's*. The Access to Information Act allows the government to delete certain types of information relating to companies or to recommendations made to cabinet ministers.



The Daewoo affair began last Aug. 27 when Stevens met officials of the company in Seoul, South Korea. The offi-



THIS BEAUTIFUL CALENDAR CLOCK *FREE* WITH CITY & COUNTRY HOME

HERE'S A GEM OF AN OFFER from Canada's award-winning lifestyle magazine: get this exquisite little clock FREE...when you subscribe and save as much as $8!

MORE THAN JUST A PRETTY FACE

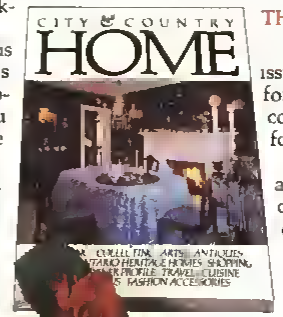
Elegant in its simplicity, your calendar clock is the ultimate in polished performance. Sleek styling and electronic precision mean this brilliant miniature marvel is at home on a desktop, bedside table or étagère.

Our unique, multi-faceted clock is a sparkling treasure that performs beautifully, featuring a large, easy-to-read digital display that tells you hours/minutes, seconds, or day/date at-a-glance.

Add the gleam of this faux crystal timepiece to your office, library or den. It's clearly a handsome—and useful—gift you'll be as proud to keep and display as your home-delivered copies of CITY & COUNTRY HOME.

In a single year, you'll receive eight glorious issues, filled with breathtaking colour photographs of the very best in home decorating and design.

Enjoy personal profiles of talented artists, architects and designers...expert advice on antiques and collectibles...entertaining features on Canada's classic heritage homes, fine food and drink, travel, fashion, gardening and more.



THE CHOICE IS CRYSTAL CLEAR

Take this opportunity to get 8 issues of CITY & COUNTRY HOME for just $19.95—$4 off the single-copy rate. Or save $8 with 12 issues for only $27.95.

Bring our HOME into your home at special savings and get your very own acrylic Calendar Clock...with our compliments.

Simply complete and mail the attached order card today!

Please allow up to six weeks for delivery of your free gift after receipt of payment.

If order card is missing write to: CITY & COUNTRY HOME, Box 4040, Postal Station A, Willowdale, Ontario, M2N 6A7

cials expressed interest in investing in Canada. According to his correspondence to the company, Stevens was enthusiastic about securing investment dollars from South Korea's fourth-largest conglomerate. With interests in everything from textiles to shipbuilding, Daewoo Corp. had sales of more than $5 billion in 1984 and accounted for 10 per cent of South Korea's exports.

But a major problem arose once Daewoo outlined in detail that it wanted to build a men's suit factory, to be located in Quebec, New Brunswick or Nova Scotia, and import the majority of an estimated 1,200 workers. Memos between various government officials repeatedly expressed concern that the scheme would present "immigration problems." There appeared to be no way, under existing immigration rules, that Daewoo could bring hundreds of Korean workers into Canada at a time when at least 15,000 Canadian garment workers were unemployed. Stevens expressed some of those concerns in a letter last Nov. 20 to Woo Choong Kim, Daewoo chairman. But Stevens still encouraged the company to continue work on the project.

The documents obtained by *Maclean's* indicate that discussions about the proposal continued as late as Jan. 22, only a week before Stevens told the Commons the project had been rejected out of hand. On that same date, John Edwards, MacDonald's associate deputy minister, prepared a memorandum to the minister "intended to provide both you and Mr. Stevens with the information needed to discuss Daewoo's immigration demands." Daewoo has indicated they will not pursue the proposal any further until they receive a response to these demands."

Stevens's Commons statement, said Ford, was "the nail in the coffin" of the project although the company, aware of the government's concerns, had foreseen problems as early as November. The company realized the project was dead when Stevens made his statement in the House.

However, talks between Daewoo and Canada are continuing, said Ford. "We are trying to encourage them to still look at projects, but fully consistent with immigration policy." Prime Minister Brian Mulroney will visit South Korea next month and meet some of the country's leading businessmen. Ford said he did not know whether Daewoo executives would be among them. For his part, Hesp said he doubts that the government has abandoned the plan to "bring in people to work for low wages." Said the NDP MP: "Even if the project is dead, the idea is not."

—PAUL GESSELL in Ottawa

Alleging a coverup

Dr. Lorne Greenaway worked late last Monday night, preparing the most controversial presentation he has made in more than six years as a Conservative member of Parliament. Appearing before the Commons Committee on Private Members' Business the next morning, he stunned fellow MPs by charging that officials in the department of Indian affairs, along with the man who is now the nation's highest-ranking bureaucrat, Paul Tellier, were covering up the "mismanagement of government funds" provided to the prosperous Westbank Indian band near Kelowna, B.C. Greenaway, who represents the riding of Cariboo-Chilcotin in central British Columbia, was seeking support for a private member's bill that would force the department to release a series of studies into band activities. Among his concerns was a $300,000 federal grant to a financially troubled trailer park on the reserve in May, 1981. Greenaway told the committee, "It is a sad tale of corruption, fraud, attempted murder, extortion and, worst of all, a coverup by departmental officials."



Derrickson: questions about federal funds and a British Columbia trailer park

Greenaway's charges, made under rules of parliamentary immunity that protect MPs from libel action, left the Indian affairs department "dumbfounded," said assistant deputy minister John Rayner. Added Indian Affairs Minister David Crombie: "I personally have no knowledge of any wrongdoing or coverup." Tellier, deputy minister of Indian Affairs from 1979 to 1982 and now clerk of the Privy Council, told *Maclean's* the department has conducted several reviews of the band, "none of which support the allegations being made."

Greenaway's charges were also dismissed by band chief and millionaire businessman Ronald Derrickson. With investments in land and construction, the band boasts some 25 other millionaires among its 242 members. "What he is doing is slimy," Derrickson, 44, said. He complained that Greenaway and other B.C. Tories have waged a vendetta against the band—the subject of at least 21 investigations since he became chief a decade ago. A 1983 report on one of those investigations, obtained by *Maclean's* under the Access to Information Act, found evidence of "possible abuses of power by the chief and band council" and possible "conflicts of interest." A subsequent investigation by Indian Affairs was less critical. Crombie has pledged to release that study and other documents.

The issue, however, remains unsettled. Greenaway told committee members that he has obtained portions of a secret document on Westbank "that would just curl your hair." Said Greenaway: "We do not know whether department officials have been taking bribes or whether they have been intimidated." But the full story, he adds, cannot be told until all documents have been released—a quest he has vowed to continue.

—KEN MACQUEEN in Ottawa

Why the first name in outboards should be your first outboard.

If you're buying your family's first boat, you're wise to start here at the business end of the rig.

The technology you buy here will have the most impact on your rig's performance. And isn't performance what family boating's all about?

Merc's 50 and 60. 3-cylinders smooth.

The legendary Mercury® 60 and new 50 get the fun started fast. They're engineered to fire up quickly, run wide open all day, and further prove the theory that getting there is half the fun.

Both models feature a 3-cylinder design that runs smoother and accelerates better than twin cylinder engines. The three cylinders also get better performance out of pulse-tuning, a technique that works like racing exhaust systems to boost power and fuel efficiency.

Constantly proved. And improved.

Each year, each Mercury gets better. They're evaluated in the laboratory. In punishing tests. In real world applications. And in customer satisfaction.

And in every possible way, a change is made for the better.

Because to us, the only kind of performance is consistent, reliable performance.

Standing behind the Mercury Legend.

Your Mercury comes with one of the industry's most comprehensive limited warranties. Backed by 6,000 dealers worldwide. So you can get accessories or service just about anywhere your Mercury takes you.

Sure, there are cheaper outboards.

But if you're serious, you'll make the investment that means years of fun for your family.

After all, quality time deserves a quality outboard.



With the Merc 50 and 60, you'll never have to mix and measure oil. The Mercury oil injection system mixes oil and gas at one location, ahead of the fuel pump, for a thorough blend, fewer moving parts and no complicated electrical connections. It also outdistances competitive systems with a 3-quart tank that treats 36 gallons of gas.

Put the legend behind you.

MERCURY OUTBOARDS





Hart celebrating with Peterson: affirmation of the government's popularity

Seizing a Tory bastion

Sipping Greek wine from plastic cups, Ontario Premier David Peterson and the newly elected Liberal member for Toronto's York East riding, Christine Hart, linked arms and celebrated their victory together. In the minority government's first electoral test since coming to power last June, Hart captured a seat that had been Conservative since 1951 in a provincial byelection. The victory in the Tory bastion buoyed the Liberals, who placed third in the riding in last May's polls and had worked hard to elect Hart. Peterson, his wife, Shelley, and several ministers campaigned vigorously for Hart, a 35-year-old lawyer who ran largely on her government's record. Said the premier's spokesman, George Hutchison, of the win: "We would like to think it's a reflection of public opinion on our efforts."

In a close three-way race, Hart captured 9,355 votes compared with 8,037 for Tory Gina Brannan and 7,874 for New Democratic Party candidate Gordon Crann, a former alderman. The Liberals now hold 49 seats in the provincial legislature, governing with the support of 25 New Democrats. The Tories have 51 seats. The defeat of Brannan, a lawyer and former political aide to three Tory ministers, was a setback for Larry Grossman, who was elected Conservative leader last November with a promise to deliver ethnic and urban votes. Conceded Grossman: "Our party has a little work to do yet."

The byelection victory came at a crucial time—just days before the first formal Liberal throne speech. The government has prepared a long-range policy assessment likely to spark controversy. A senior policy adviser to Peterson said the plan would prepare the province to address major demographic, economic and social changes into the next century. According to a study produced by the ministry of community and social services, Ontario faces the challenge of adapting to a "post-industrial society" with an aging population and rapid growth in service and information industries. To deal with the changes, the government is expected to introduce ambitious new policies for education, health care and small business. Said an aide to Peterson: "This government will be the early bird catching the worm."

The Liberals clearly intend to be around to carry out their policies, and there has been widespread speculation that Peterson will call an election to capitalize on his popularity and seek a clear majority. But under an accord reached with the NDP last spring when the two parties combined to defeat Ontario's 42-year-old Conservative dynasty, he is committed to delay any ballot until at least June, 1987. "No, I'm not planning on calling an election," Peterson insisted at Hart's victory party. "But if someone else wants to call one, there's no particular problem."

—SHERRI AIKENHEAD in Toronto

The CIA and Ottawa

Since the story broke in 1977, Canadian government officials have consistently denied knowing that the U.S. Central Intelligence Agency had financed brainwashing experiments at Montreal's McGill University in the 1950s and 1960s. But last week a newspaper report based on documents from the Public Archives of Canada suggested that Ottawa knew as early as 1953 about the experiments conducted by Dr. Ewen Cameron at McGill's Allan Memorial Institute. Furthermore, the report in *The Toronto Star* said that the government co-operated with the CIA and the British defence department in supporting a separate series of mind-control tests at McGill by Cameron's colleague, Dr. Donald Hebb.

According to the report, the Hebb project was discussed at a secret meeting on June 1, 1951, at a Montreal hotel. In attendance were Hebb, head of McGill's psychology department, and officials from the Canadian Defence Research Board, the CIA and the British Defence Research Policy Committee. The report said the Canadian defence department subsequently gave Hebb $40,000 for his sensory deprivation experiments, under which volunteer McGill undergraduates were put in isolation for up to six days to determine whether they would become more susceptible to propaganda. It also said that on Jan. 1, 1953, Hebb wrote to a senior defence department official about his brainwashing tests which referred to Cameron's "work with this method."

Reaction to the revelations was swift. Washington lawyer Joseph Rauh said they proved that Ottawa had lied to nine Canadians who were the subjects of Cameron's experiments. In 1980 the Canadians launched a suit against the CIA for $1 million each. They claimed their lives were ruined by the experiments, which used the hallucinogen LSD, sleep deprivation and electroshock. Said Rauh, who represents the nine: "It's becoming clearer and clearer that the reason the Canadian government never took our side in the case is because its own hands were dirty." Meanwhile in Ottawa, opposition MPs demanded that the government publish a report on federal involvement in the experiments. But Trade Minister James Kelleher, standing in for Justice Minister John Crosbie, would only say that Crosbie was reviewing the study by Halifax lawyer George Cooper and would report to Parliament.



Only one frequent flyer programme is this rewarding

AeroPlan flew Edward Wilton and his friend, Julie Ann, to London, Bombay and Singapore this year, First Class... for free. It's the only frequent flyer programme that could have made Ed's business travel this rewarding, so quickly.

No other frequent flyer programme has Air Canada's network, schedules and frequency, as well as nine airline partners. Plus just the right combination of hotel and car rental partners too.

It's what makes earning AeroPlan miles so easy. And reaping travel rewards so exciting.

AeroPlan. Isn't it time you made your business travel more rewarding? For more information, contact Air Canada or your Travel Agent today. Better yet, simply call our toll-free numbers: 1-800-361-8253 in British Columbia, Alberta, Saskatchewan, and Manitoba. 932-9828 in Montréal. 1-800-361-5373 in the rest of Canada.

AeroPlan
One good thing leads to another.

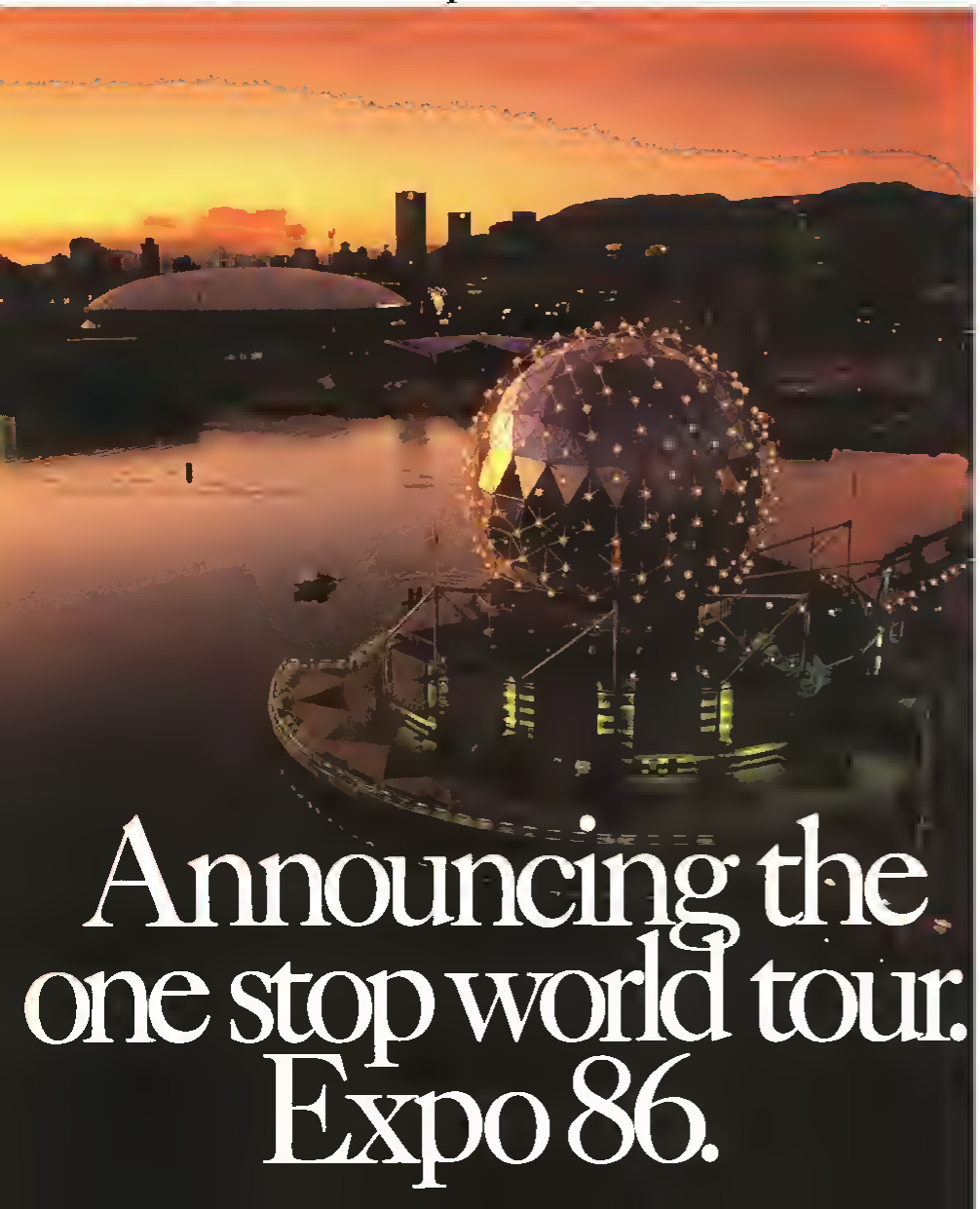
AIR CANADA

expo 86
OFFICIAL AIRLINE
MEMBER OF ALLIANCE OF
CANADIAN TRAVEL ASSOCIATIONS

Imagine. Over forty countries and nary a border. From May 2 to October 13, 1986 Vancouver becomes the world. The U.S.S.R. China. England. The U.S. Frankly there isn't a better place on earth for all this to happen. Touch the future or travel back to Ancient Egypt. Naturally the people here are SuperHosts. Call ResWest at (604) 662-3300 for hotel bookings. Or write for your Travel Guide: Tourism British Columbia, Dept. 0226, Parliament Bldgs., Victoria, B.C. V8V 1X4. Don't miss it for the world.

Hon. Claude Richmond, Minister Tourism/Expo 86

Super, Natural British Columbia



Announcing the one stop world tour. Expo 86.

The right twist



Peckford, teetering

Union representative Allan Carter compared it to Rubik's Cube. "One twist," Carter said, summing up contract talks between the Newfoundland government and 5,500 members of Newfoundland's Association of Public Employees (NAPE) last week, "and it could all come together. A twist in the wrong direction, and it could all fall apart." By week's end, the union teetered on the edge of resuming an illegal strike. Uncertainty has prevailed since April 6, when NAPE halted a 35-day walkout after winning key concessions on wage parity from Premier Brian Peckford. But the actual timetable for parity with public employees holding similar jobs in other sectors—they had negotiated contracts before a government-imposed wage freeze two years ago—remained a major stumbling block. The government proposed a phased-in approach, with parity reached by 1990, two years later than the union's demand. Peckford had accused the union of "playing games," but after another union proposal the government agreed to resume negotiations this week.

Manitoba shuffle

Fresh from a close election victory last month, which narrowed the Manitoba New Democratic Party's legislative majority to four seats, Premier Howard Pawley last week unveiled his new 21-member cabinet. But one veteran NDP member was conspicuously absent from the lineup. 15-year MLA James Walding, 48, former legislative speaker. Despite intense lobbying—including a letter to the premier that warned of "precipitate action" if he were not named—Walding was overlooked. In response, Walding announced that he was considering, among other options, resigning his seat or joining another party. Controversy also flared over Pawley's choice of a new speaker, NDP MLA Myrna Phillips. "In our view," said Conservative leader Gary Filmon, "she has not operated within the bounds of parliamentary language and decorum on a number of occasions." In a break with tradition, Filmon refused to second the nomination of Phillips, who once referred to former Tory premier Sterling Lyon as "a slimy little pig." But Liberal leader Sharon Carstairs, who was the first Liberal to win a Manitoba seat in seven years, offered to second the nomination instead. For his part, the premier defended his choice of speaker. Said Pawley: "I do not know of one member of the legislature who is not partisan."

A smouldering issue

In the protracted guerrilla struggle between smokers and nonsmokers, the abstainers anticipate a major victory next week. On April 29 Vancouver City Council is expected to approve new antismoking measures that health authorities describe as the toughest in the country and a potential model for other communities. Unlike similar laws in other cities, the Vancouver bylaw assumes that nonsmoking is the norm and provides for the segregation of smokers rather than nonsmokers. In most public places they will be confined to designated smoking areas that will replace the familiar nonsmoking zone. "No individual has the right to pollute the air of others with substances known to be hazardous to health," says the preamble to the draft bylaw, which provides for outright bans on smoking in schools, museums, theatres, banks, government offices and libraries. In the workplace, employers will be required to make arrangements for nonsmokers by December. Restaurants will also be required to segregate smokers. Offenders will face fines of between $50 and $2,000. City officials say the law, which would take effect during Expo 86, will not affect the fair. Smoking is already banned at all pavilions on the fair site.

A mysterious agent

A vacation in India for two middle-aged Jonquière, Que., women turned into a nightmare last January when they were arrested at a Rome airport while en route to their home near Quebec City (*Maclean's*, Jan. 20). Charged with drug trafficking, Micheline Lévesque, 53, and her sister, Laurence, 56, were incarcerated in Rome's Rebibbia prison after officials found 6.5 kg of heroin secreted behind false panels in their suitcases. Last week Micheline, a high school teacher, told an Agence France-Presse reporter that before their trip a man who claimed to be a travel agent had encouraged the sisters, seasoned travellers, to visit India on their next vacation. They later met the man in New Delhi, where he offered to keep their excess luggage while the women took a side trip. Afterward, his chauffeur drove the Lévesques to the airport for their flight to Rome, picking up the extra luggage from a house in the city's residential section. The women did not open the luggage again, said Micheline. While no trial date has been set, the Italian magistrate who is examining the case said in February that he would soon move his investigation to Quebec to question people there. Meanwhile, the RCMP are continuing the investigation in Canada.

An election gift



Lee, 'delightful'

The subject of his speech was ostensibly the nation's census. But when federal Supply and Services Minister Stewart McInnes addressed Charlottetown's Chamber of Commerce last week, his audience was more interested in his announcement that Ottawa had chosen a Canadian-Swiss consortium, Litton-Oerlikon-Bührle, to build a plant in Prince Edward Island that will manufacture radar components for a low-level air defence system for the Canadian Forces (*Maclean's*, Jan. 13). Premier James Lee, in the final week of an election campaign, immediately declared the long-rumored announcement "delightfully good news," noting estimates of 700 new jobs. But the Liberal leader, Joseph Ghiz, pointed out that the official announcement said only that Ottawa would begin negotiations on a contract. "There is no guarantee the project will ever go ahead in its present or some other form," said Ghiz. The department of national defence will fund the project from capital works budgets for at least the next five years.

THE FURY OF KHADAFY

Long after the sleek U.S. bombers had disappeared from the Libyan skies and the grim cleanup had begun, there was a sense—drowned out by the conflicting cries of outrage and rejoicing—that what had happened was almost inevitable. As far back as 1981 President Ronald Reagan had threatened to take "swift and effective retribution" against terrorists. And for Reagan, no sponsor of terrorism has seemed more threatening than Libya's Moammar Khadafy. Over the years Reagan has singled out the mercurial leader for name-calling and sanctions and, last month, for a show of force that ended in a brief battle over the Gulf of Sidra. Khadafy has responded with taunts of his own—and, according to Washington, with new acts of terror. Last week, locked in a test of wills, Reagan finally opted for escalation: a 20-minute bombardment of what U.S. officials called terrorist centres in Tripoli and Benghazi—the largest American bombing raid since the Vietnam War. "Today we have done what we had to do," Reagan said after the attack. "If necessary, we shall do it again."

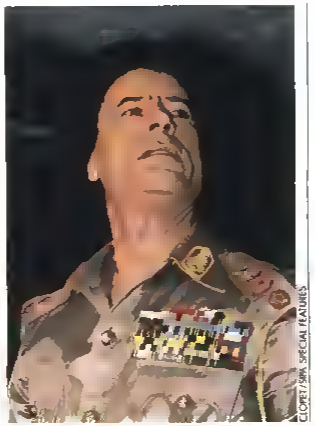
Kill: The predawn raid, according to Western diplomats, killed more than 100 Libyans, including many civilians, and left jumbles of rubble and burned-out cars (page 26). Two U.S. airmen died when their plane was shot down. Among the Libyan dead, officials in Tripoli said, was Khadafy's adopted 15-month-old daughter, who was killed in the deliberate bombing of the colonel's fortified home-and-headquarters compound just outside Tripoli. Two of Khadafy's sons were seriously injured. Officially, the United States said that it had not tried to kill Khadafy himself. But late last week *The Washington Post* quoted unnamed U.S. officials who said that killing the Libyan leader was precisely what Washington intended. "We hoped we would get him," said one source, "but nobody was sure where he would be that night." According to another official, the National Security Council had even prepared a statement calling Khadafy's death "fortuitous."

For almost two days after the bombing Khadafy was not seen in public, and rumors spread that he had indeed been killed. Then, late Wednesday he appeared on Libyan television. Wearing a white military uniform and sitting before a map of Africa, the colonel condemned both Reagan and British Prime Minister Margaret Thatcher, who allowed the Americans to use Lakenheath and Upper Heyford airbases in Britain for some of the bombers used in the assault. Calling Reagan a "murderer of children," Khadafy vowed to continue "our incitement of popular revolution." But he told Americans: "We will not kill your children. We are not like you."



Tripoli after the American attack, Khadafy (below left), Reagan: 'we did what we had to do, if necessary, we shall do it again.'

Crisis: There were also reports of a possible coup. For days after the raid machine-gun fire ricocheted around Khadafy's Tripoli headquarters in skirmishing that apparently pitted members of the regular Libyan army against Khadafy's civilian Revolutionary Guards. Some U.S. intelligence sources said that Khadafy may have fled Tripoli for the desert, his frequent retreat in times of crisis. By week's end, however, the apparent factional fighting seemed to have diminished—and Khadafy appeared on TV in Tripoli, comforting victims of the U.S. attack.



COPYRIGHT, SPECIAL FEATURES



PAM PRICE, PICTURE GROUP

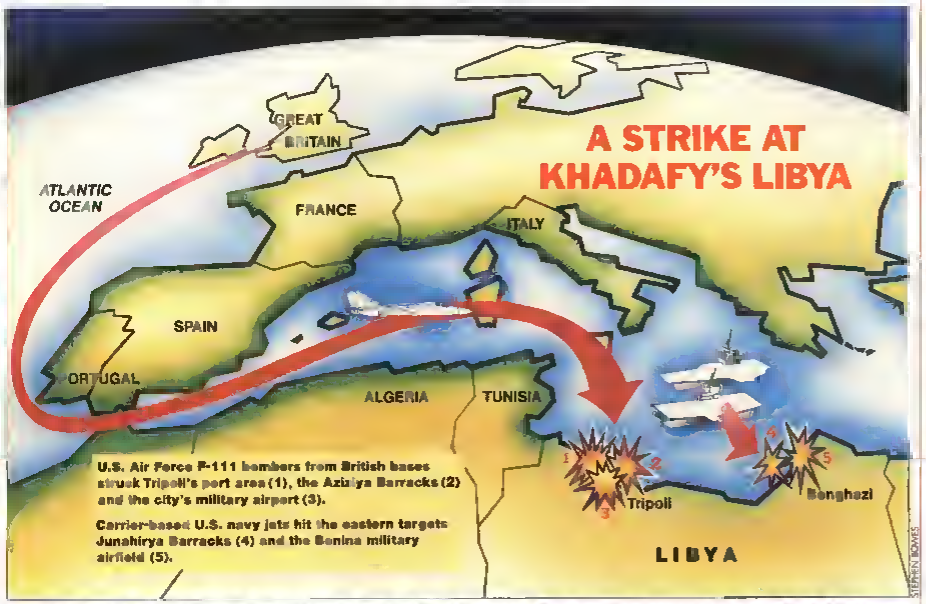
Shot: In the worldwide debate that followed the raid, the attack was described as either a timely blow against terrorism or a dangerous adventure doomed to increase it. The day after the raid, Libya launched a retaliatory—but unsuccessful—missile attack on a U.S. radar station on Italy's tiny Lampedusa Island, 175 miles north of Tripoli. In Sudan a communications technician with the U.S. Embassy in Khartoum was shot in the head and seriously wounded. White House officials said that they suspected Libyan involvement, and at week's end the United States began to evacuate some of the 300 dependants of embassy employees. In addition, the bodies of three kidnap victims in Lebanon, also shot in the head, were found in the mountains east of Beirut. A nearby note described the three as a U.S. Central Intelligence Agency operative and two British intelligence officers. It said they were killed in retaliation for the British-based U.S. attack on Libya. But Lebanese authorities later said the victims were two British teachers and 62-year-old American librarian Peter Kilburn, the first kidnapped American killed in Lebanon's 12-year-old civil war. And episodes elsewhere fuelled the atmosphere of crisis.

'Deaths': In London a woman was arrested while trying to board an Israeli airliner with a bomb hidden in a suitcase. A British television journalist was kidnapped in Beirut. A bomb went off in front of the U.S. consulate in San José, Costa Rica, injuring five people. Bomb threats interrupted business at several government offices in Washington and at the United Nations Security Council in New York. And around the world angry protesters chanted anti-American slogans. In response, security was tightened at U.S. installations and offices worldwide, and many Europe-bound Americans hastily changed travel plans. Concerns about possible reprisals also affected foreign workers in Libya, including as many as 1,300 Americans who had ignored Reagan's January call to get out, and 1,000 Canadians. Said Gemma Zecchini of Hamilton, Ont., who teaches English in Libya: "If I have to die a thousand deaths like I did in the air raid, I'd like to get out."

Ostensibly, the raid was a reprisal for the April 5 bombing of a West Berlin discotheque which killed an American soldier and a Turkish woman and injured 230 people. Reagan said Washington had "irrefutable" evidence—presumably from an intercepted radio message to the Libyan People's Bureau, or diplomatic mission, in East Berlin—that Khadafy had ordered the bureau to carry out an attack against Americans. U.S. intelligence apparently learned of its exact nature minutes too late to evacuate the disco. American officials also maintained that the air strike was justified as an act of "self-defence" against future Libyan attacks. Those, according to U.S. intelligence, had been planned against other American diplomatic and commercial targets around the globe.

The bombing of Libya was widely

supported in the United States, where it seemed to fulfil an urge for revenge against the man whom Reagan called "the mad dog of the Middle East." According to a *New York Times*/CBS News poll, 77 per cent of Americans approved of Reagan's raid. Also supporting the attack were Britain, Israel and, to some extent, Canada. Prime Minister Brian Mulroney supported the objective of eliminating terrorism, but he added that he "deplores the loss of innocent life." But most U.S. allies were openly hostile to the assault, which took place only hours after European Community (EC) ministers had called for "restraint on all sides" (page 27). Western Europe has traditionally been the target of terrorist attacks, and France and Spain, concerned about the danger of reprisals if they were involved in the U.S. assault, refused to allow the American warplanes to overfly their territory, forcing the planes to make a 1,100-mile detour to reach Libya.




Thatcher: supportive

The raid affected superpower relations as well. The Soviet news agency, Tass, denounced the attack as a "barbarous and totally unjustified aggression" against a sovereign state, and added that Moscow would help strengthen the defences of its Libyan ally. In response, Washington charged that the Soviets were ultimately to blame for the growing violence. U.S. officials said that they advised the Soviets and the East Germans of an impending attack on Libya one week before the disco bombing but that neither country did anything to prevent it—a charge which the Soviets described as a "cynical lie." But perhaps the most diplomatically damaging aftershock from last week's U.S. attack was the Soviet postponement of a critical May meeting between Foreign Minister Eduard Shevardnadze and Secretary of State George Shultz, at which plans were to be made for a superpower summit in Washington this year. Shevardnadze's action could scuttle the summit or delay it.

Reagan has clearly decided that risks must be taken to combat terrorists, whose power to frighten—and kill—has spread alarmingly in recent years (page 24). Western intelligence agencies state that Libya is not alone in sponsoring terrorism. Among Arab countries, Syria and Iran are both involved, but they are regarded as stronger and less diplomatically isolated than Libya—in short, less vulnerable. And Khadafy has carved out a special niche as a kind of merchant of menace, bankrolling or arming national liberation movements in an estimated 45 countries, including Chad, Egypt and Lebanon, and donating arms to Italy's Red Brigades and the Irish Republican Army.

The former signal corps captain, who seized power from King Idris in 1969, subscribes to an exotic blend of Moslem, Marxist and utopian thought, along with visions of pan-Arab unity which he adopted from Egypt's Gamal Abdel Nasser. But in the West those beliefs have only heightened his image as a mystical madman—and a dangerous one.

Strained: Some critics contend that Washington has exaggerated Khadafy's significance. Michael Hudson, director of Georgetown University's Center for Contemporary Arab Studies in Washington, argued that the American "fixation" on Khadafy "has distracted us from paying attention to really important political issues in the Middle East." But whatever the case, U.S.-Libyan relations, seriously strained since the Carter administration, reached a crisis level following the Dec. 27 terrorist bombings at the Rome and Vienna airports. Claiming that Libya had been involved, the United States imposed economic sanctions against Tripoli and sent the Sixth Fleet to cross Khadafy's "line of death" in the Gulf of Sidra, the territorial waters over which Libya claims sovereignty. When the Libyans responded with missile fire late last month, the Americans blasted back, killing about 150 Libyans. Then, in early April a bomb blew a hole in a U.S. airliner over Greece, and four people, including a baby girl, were sucked out to their deaths. Washington suspected Khadafy of supporting that operation—and the one three days later at the Berlin disco.


F-111s in the aftershock, a negative impact on superpower relations

Restrict: After the Berlin bombing, U.S. officials said that they had the intelligence-gathered evidence to prove a Khadafy connection. Armed with this information, Reagan began to consider the approach long advocated by Shultz and other advisers: a direct strike against Libya. The attack would be based on the doctrine of "proportional response." An approach conceived by national security adviser Vice-Admiral John Poindexter, proportional response attempts to match the force of the reprisal with that of the terrorist attack. Defense Secretary Caspar Weinberger, who had reservations about the assault on Khadafy, was out of the country when Reagan and his advisers laid their plans, but eventually supported them.

Still, the attack, code-named Operation Eldorado Canyon, was delayed while Washington used its disco-bombing evidence to try to enlist support from allies against Khadafy. Meeting last Monday at The Hague, ministers from the 12 European Community countries did decide to reduce the size of Libyan embassies and restrict the movement of their diplomats and nationals. In return, they wanted Washington to forgo its attack. But that same night 18 supersonic F-111s, whose sophisticated electronic equipment makes them well-suited for precision bombing in the dark, took off from their British bases, flying over the Atlantic and the Mediterranean and avoiding French and Spanish airspace. They were joined by about 15 planes from the carriers America and Coral Sea in the Mediterranean, and at about 2 a.m. the U.S. force zeroed in on Libya.

There, they flew into an intense missile attack. The aircraft countered by firing dozens of high-speed, antiradiation missiles at Libyan missile sites. Meanwhile, the attack force dropped laser-guided bombs on Libyan targets, hitting a missile site and an airbase at Benghazi and, in Tripoli, a military airport, a port facility, Khadafy's Bab el Aziziya barracks and residential neighborhoods. Twenty minutes later the planes streaked away—except for one F-111, which was reported later to have crashed into the ocean in a ball of fire, taking its two crewmen with it. In England, one returning airman called the operation "the greatest thrill of my life." One who did not fly on the raid said: "There was disappointment among the guys that Khadafy survived. The first question I asked was, 'Did we get him?'"

Shock: The answer was no. But Khadafy's daughter Hana sustained a concussion and internal injuries and died a few hours later. Two of his six sons—Camis, 3, and Sef al-Arab, 4—were left with serious percussion wounds, and his wife, Safiya, suffered shock. In an upper-class residential neighborhood hit by the bombing, about 10 houses were destroyed.

Bombs: Just minutes after a U.S. spokesman announced the bombing in Washington, dump trucks rolled onto the grounds of the U.S. Capitol to block roadways against a possible car-bomb attack. But the flurry of security measures was most evident in Europe. The


Angry Tripoli residents after the raid, a 'proportional response' to Libyan terrorist attacks on Americans

U S army clamped a midnight-to-5 a.m. curfew on 225,000 soldiers, and U.S. guards in West Germany checked for bombs under cars using mirrors attached to long handles.

'Worried': In Tripoli, where about 53,000 Westerners work, mostly in the Libyan oilfields, diplomats said they were advising their nationals to stay indoors. The Italian government was even weighing the possibility of removing both Britons and its own 8,000 nationals. Michel Tessier, a Canadian vice-consul normally based in Tunisia, said that he had no reason to expect retaliation against Canadians, but he added that about 350 Canadians had expressed a desire to leave. "People are definitely worried," Tessier said. Still, in Stony Plain, Alta., Douglas Watt, a Canadian oil worker who left Libya after the raid to attend a funeral, said that he is planning to return. "The people I work with are good people," said Watt, 35. "All Libyans aren't crazy people."

In the Commons, Opposition Leader John Turner questioned why Canadians should be working in Libya at all. "We are indirectly supporting the economic infrastructure of that government by allowing Canadians to stay in that country working for it," said Turner. "We ought to take a stronger stand." New Democratic Party Leader Ed Broadbent criticized the government's position on the U S attack. "Mr Mulroney's statement was systematically ambiguous," said Broadbent. "On one hand he says the government supports efforts to counter terrorism—which everyone in the world does—and on the other hand he says he doesn't necessarily support the means used by the Americans." As for Defence Minister Erik Nielsen's statement that the attack was justified because "the U S was left with no option but military action," Broadbent stated. "Now they have Mr Nielsen taking the hard and direct line of supporting the use of military force. I think it's a completely inconsistent position."

In Congress the attack on Libya won broad support. Even liberal Democratic Senator Edward Kennedy, usually a strong Reagan opponent, said, "I think all Americans would stand with the commander-in-chief at this moment." Most U S newspapers were also supportive. "If there were such a thing as due process in the court of world opinion," said an editorial in *The New York Times*, "the United States has prosecuted and punished [Khadafy] carefully, proportionately—and justly."

Some observers, however, say that the United States has established a dangerous precedent. "What will they do for an encore?" asked Paul Noble, chairman of the political science department at McGill University in Montreal. "Will everyone who opposes the United States be zapped?" Other experts say that the American raid will only help Khadafy to consolidate support at a time of growing Libyan discontent. The drop in world oil prices cut the country's export revenues from $22 billion (U.S.) in 1980 to $9 billion last year, and the standard of living has declined as well. Over the past year there have been two reported coup attempts, which ended in imprisonments and executions. Lisa Anderson, a political science professor at Columbia University in New York, said that Khadafy remains vulnerable to a coup, but she added, "Ironically, he is surviving now largely because of the escalating American campaign against him, which has rallied patriotic Libyans to support a regime they otherwise dislike."

Violence: Khadafy's opponents in Libya are of several stripes—some moderate, others pro-Soviet and still others Islamic fundamentalists. One way or the other, however, Reagan is clearly intent on trying to arrange for Khadafy's downfall, while the Libyan leader taunts him. "What we essentially have is two publicity hounds competing for your attention," said Faris Bouhafa of the Washington-based American Arab Anti-Discrimination Committee, a privately funded group of Americans of Arab descent. "This whole debacle between Libya and the United States is so far removed from the real problems of the Middle East that it has almost become a sideshow." Sideshow or not, the U S-Libya clash is a dangerous—and deadly—business, a spiralling cycle of violence in the world's most volatile region.

—BOB LEVIN with BRIGID JANSSEN in Tripoli, IAN AUSTEN and WILLIAM LOWTHER in Washington, HILARY MACKENZIE in Ottawa, PETER LEWIS in Brussels and CAROL BERGER in Khartoum



U.S. F-111 returning to British base after attack, detour

ANGELA TOMA



Police at Heathrow Airport jittery over possible reprisals

ROLLER BOOTEARERS

WHAT DID NISSAN'S DEALERS DO TO DESERVE THIS?



15 Nissan dealers earned the 1985 Nissan Award of Merit.
It represents exceptional performance in customer satisfaction, sales, business management and service.
Just to qualify for this award, a dealer must demonstrate the results of a commitment to higher quality.
But only 15 can say, "we earned it." And they deserve it.

Brasso Nissan Ltd., Calgary, Alberta. Einar Brasso
Cambrian Motors Ltd., Sault Ste. Marie, Ontario. Frank Palumbo
Checkpoint Nissan, Islington, Ontario. Al Devlin
Cite Nissan, Montreal, Quebec. Sarkis Liberian
Cobourg Nissan, Cobourg, Ontario. Tony Vandermeer
Dale Motors Nissan, Stellarton, Nova Scotia. Robert MacLean
Economy Wheels Ltd., Lindsay, Ontario. Philip Moynes, Ron Szego
Ericksen Nissan Ltd., Edmonton, Alberta. Grant Ericksen
Haas Nissan Ltd., Yorkton, Saskatchewan. Fred Haas, Larry Haas
Hebert Automobiles Ltd., Valleyfield, Quebec. Gaetan Hebert
J.E. Dallaire Auto Inc., Levis, Quebec. Eugene Dallaire
Kerfoot Nissan, Surrey, British Columbia. Jim Kerfoot
Morrey Nissan, Burnaby, British Columbia. Gary Morrey, Lyle Morrey
Skyway Nissan, Medicine Hat, Alberta. Alan Joys
West End Nissan, Edmonton, Alberta. Peter Yachimec

NISSAN

THE MENACING FACE OF THE NEW TERRORISM

COVER

They are part of the street scene everywhere in Europe. youngsters in their late teens, solemn, wiry and dark-complexioned. The uniform is running shoes, nondescript jeans and old military-style jackets. Most are students or teenage drifters. But some, fuelled by hatred and fanaticism, are the killers who strike at civilians in airports, nightclubs and automobiles, on airplanes, buses and street corners. In the past few years they have done what superpower tensions and the threat of nuclear war failed to do in four decades: intimidate governments, wreck the Mediterranean tourist industry and frighten millions. The young assassins are the new Middle East terrorists—mobile, well-trained, suicidal and savagely unpredictable. Unlike their older counterparts, they seldom take hostages or demand political or territorial concessions. They just kill.

Brutal: Their methods are a far cry from the primitive postwar terrorism by Jewish extremists against the British in Palestine, by Arab nationalists against the French in Algeria or by Greek Cypriots against the British and Turks in Cyprus. Those conflicts were brutal but historically rational. They were geographically limited. The objective was to force an opponent to yield something—prisoners, property or political rights. That pattern survives today in the fight by the Palestinians for the return of Israeli-occupied lands. But the Palestinian cause has been swept up in the new terrorism, which most Middle East observers describe as a general declaration of war by Islamic fundamentalists in Libya, Syria and Iran against what they regard as the decadence and immorality of the West.

The new terrorists are younger, tougher—and fully prepared to die. Most were born and raised in the agonizing of the Sabra, Shatila and Bourj-el-Barajneh Palestinian refugee camps around Beirut. Huddled with his comrades around a charcoal stove in the refugee district of Damascus, Syria, 17-year-old Tareq Same said he became a guerrilla fighter when he was 14, and says now: "I want to do a suicide mission with an explosive belt. It is my duty." On a wall in a Palestinian camp near the Lebanese village of Bhamdun hangs a portrait of Muhammad Ali Hassan, killed when he drove a car loaded with explosives into an Israeli military column last year. Hassan was 17. Such deeds are summed up by one of the terrorist notes left at the scene of the Rome airport bombing massacre on Dec. 27. "As of now," the note said, "war has begun."



PLO recruits in training: well-trained, suicidal and savagely unpredictable

And war, says U.S. syndicated columnist Charles Krauthammer, is the right term. Krauthammer, a terrorism expert who writes for the liberal weekly *The New Republic*, told *Maclean's* that the state-sponsored terrorists of the 1980s "have been joined by the general notion that the Western democratic world is their enemy." And he added that Libya has turned "terror into something approaching the poor man's conventional global war."

Trigger: Still, even U.S. Secretary of State George Shultz acknowledged last week that neutralizing Moammar Khadafy's Libyan regime would not put an end to the new terrorism. "Khadafy is not the full extent of the problem, that's for sure," Shultz told a Washington press conference. Said David Charter, a professor at the University of New Brunswick's Centre for Conflict Studies in Fredericton: "The Libyans themselves are not always the trigger men. Terrorism is usually carried out by extremist West European or Palestinian groups." Geoffrey Kemp, a former White House Middle East specialist, said that while Khadafy "is more easily identifiable, in terms of his effectiveness, I put him a long way behind the Iranians and the Syrians." The governments of those nations were blamed by U.S. officials for the 1983 bombing of the U.S. marine barracks in Beirut which killed 239.

Signal: President Ronald Reagan's reaction to the Beirut bombing was to pull U.S. forces out of Lebanon. Krauthammer said that move encouraged Islamic terrorists. "It was a signal to them that if they killed enough Americans, the rest would go away." The continuing carnage in Western Europe since the marine pullout supports that theory. Americans were killed or injured in 10 of the 19 terrorist attacks in the past year. U.S. intelligence experts say that Iran, Syria or Libya were clearly linked to seven of the incidents. And in ominous contrast to the Palestinian airline hijackings and hostage-takings of the 1970s, not one of the past year's assaults was preceded by any politically motivated demands. Said Krauthammer: "The elements of terror have changed. The objective is neither panic nor publicity but the elimination of enemies."

Still, fear, if not panic, is a by-product of terrorism. Travel agents record airline cancellations after public threats of terrorism. Now, the number of Americans planning trips to Europe this summer is down dramatically from last year. Agents in Philadelphia, Detroit, Chicago and Miami reported decreases in the sale of nonbusiness trips ranging from 20 to 80 per cent. In Canada travel agencies and airlines say they too have experienced a major drop in bookings for Europe and the Middle East. Agency spokesmen say that about 25 per cent fewer Canadians plan to travel to Europe this year compared with last year.



Tarrorist aboard hijacked TWA jet last summer: killers, drifters and fury



Plastic pistol: a deadly contest for new technology

In an attempt to counteract the terrorist threat to travellers, authorities in Western Europe and North America are searching for new technology to make airports less vulnerable and to keep guns and explosives off planes. But terrorists also are developing new techniques to evade detection. Last December security guards at Larnaca Airport in Cyprus arrested Palestinian Sami Nasr while he prepared to board Swissair Flight 358 to Amman, Jordan. Authorities, suspicious about the weight of two magnum bottles of Chianti, discovered that the bottoms had been sawn off and replaced. Inside were three hand grenades, two pistols, a silencer and ammunition. The weapons had been wrapped in aluminum foil and the bottles filled with dark ink, effectively evading X-ray detection.

Often, the search for improved security measures resembles a deadly race. Earlier this year there were reports that an all-plastic gun, supposedly impervious to conventional airport metal detectors, would soon be available. Weeks later American Science and Engineering, Inc. of Cambridge, Mass., unveiled the Model Z, an X-ray scanner that can detect such materials as narcotics, plastic weapons and explosives. But the challenge to technology may have only just begun. Last December Brian Jenkins, the director of a project on terrorism for the California-based Rand Corp., reported the results of a survey of 300 terrorism experts from 25 countries. Nearly 70 per cent of them said it was likely that terrorists will ultimately possess chemical or biological weapons. And almost 40 per cent said that terrorists may obtain nuclear weapons.

Hatred: But technology will not stop terrorists from shooting civilians on the street. And U.S. officials say that they will not be intimidated into reducing their Middle Eastern presence, and Islamic fundamentalists will clearly not abandon their hatred of Western secularism. Many experts say that the standoff has led to a dilemma: how to counter the murderous passions that threaten the world's stability and the lives of its citizens. Some favor a hard approach. But other experts say they believe that settling fundamental issues may well defuse the new Islamic terrorism. G.H. Jansen, a Cyprus-based authority on the Middle East, said that redressing the grievances of the two million dispossessed Palestinians is still the key to ending the cycle of violence. Said Jansen: "Current talk of 'masterminds' and 'supply bases' is melodramatic theatre because in the last resort the gunmen can do without the Arab governments. The danger of the new ferocious, suicidal, autonomous gunman will disappear only when he and his people have a country to go back to."

—RAE CORELLI with correspondents' reports

WITNESSING DEATH IN A WAR ZONE

COVER

Maclean's sent Paris correspondent Brigid Janssen to Libya on April 12 to prepare a report on the country. Two days later she was in the middle of a military assault that sent shock waves around the world. Her report:



PHOTOGRAPHY BY THE PENTAGON VIA CONTACT PRESS IMAGES

Wreckage in Tripoli: a kaleidoscope sky, billowing smoke and pandemonium

I don't usually sleep in blue jeans. But last Monday night I had an eerie premonition that something was about to happen. It did. Just after 2 a.m. Tuesday we were suddenly in a war zone. A piercing roar of jets jolted us into heart-thumping panic. And from every direction Libyan antiaircraft guns pounded out replies. The Mediterranean sky over Tripoli harbor was a kaleidoscope of red tracer fire. Buildings trembled and so did I. I knew that the Americans had returned to the shores of Tripoli.

Dark: Then, all the lights went out. At the Al Kabir Hotel, where journalists were lodged, there was pandemonium. About 80 of us scrambled outdoors in the pitch dark, aiming cameras and microphones into the night. The noise of the attack and the answering fire seemed interminable. And at dawn, amid the mournful morning calls to prayer from mosque minarets, the rattle of antiaircraft guns broke out again—although by then they were shooting at empty skies.

The next day the firing of machine guns at the Bab el Azizya barracks greeted us just as we were entering Khadafy's headquarters compound to examine the damage. Before we dove for cover on the floor of our bus we caught a glimpse of soldiers who seemed to be fleeing the barracks. This, we thought, could be a coup. But on a return visit later we saw nothing but soldiers on guard in the hot sun—and destruction. A streetlight standard had crushed part of Khadafy's Bedouin tent and the palm trees all around lay in shreds on the ground. The interior was a shambles: Khadafy's half-moon desk, a leather and chrome executive chair, telephones and filing cabinets had fallen in a pile on the rush mat covering the floor. The two-storey, concrete-block Khadafy residence was surrounded by bomb craters 10 feet deep.

Angry: In the city itself bomb damage was widespread in a two-block residential site. Ten houses were devastated. And the people were angry. "Go away," one homeless woman told reporters as she huddled with her children under blankets in a small park. "Bloody bastards," shouted an elderly Greek doctor who had lived in Libya for 21 years. "They do all this—they destroy our homes. My wife is in the hospital and I don't even know how she is. What did we do to get this?" In the street the body of an old man in pyjamas was laid out in front of his once-elegant home. As reporters approached, young men in army fatigues gathered around him and chanted, "Down, down, U.S.A."

Then we were returned to the hotel and confined there. Our concern slowly turned into paranoia as we were forbidden to use the telephone and were watched constantly by our hosts. And when the Libyan information ministry finally allowed us out, its officials organized observation tours of "events" that seemed not to have happened at all.

Absurdity: One trip was to the supposed site of a downed American fighter. But after two hours of searching, officials admitted that the plane could not be found. That tone of official absurdity was heightened by a Libyan minister named Mohammed Sharaf Eddin. During one American air raid, he said, "The American pilots ejected, took off their uniforms and put on ordinary clothes to try to look like Libyans." Added Eddin: "They are now being pursued by Libyans with dogs." But neither the Americans in Libyan dress nor the dogs said to be in pursuit were ever produced for view. But I knew one thing was real—Libyans themselves had lived through perhaps one of the most terrifying weeks in the life of their nation.

Khadafy's Bedouin tent after raid: heart-thumping panic



THE ANGER AND THE EXPECTATION

COVER

The response was immediate and visceral. A day after last week's U.S. air strike against Libya, angry youths smashed windows of American banks in Berlin, demonstrators hurled rocks at the U.S. Embassy in Madrid and crowds marched in protest through Rome, Athens and other capitals. But the outrage was not confined to the streets. With dramatic unanimity, Western European governments—with the exception of Britain, which supported the raid—criticized the attack, leading some diplomats to predict that the stability of the North Atlantic Treaty Organization may be in jeopardy. At a meeting of foreign ministers from the 12-member European Community, Belgian Foreign Minister Leo Tindemans declared: "There is a problem between the United States and Europe. We must do what we can to bridge that gap."

Concern: There were tangible reasons for European concern. For one thing, although Washington notified allies of the attack, it subverted NATO protocol by not seeking their approval in advance. For another, Europeans are clearly worried that their cities will become prime targets for terrorists seeking to avenge the U.S. strike. "Far from weakening terrorism," said Italian Premier Bettino Craxi, "military action has risked provoking explosive reactions of fanaticism." Even the West German government—which generally supports the antiterrorism campaign—expressed disapproval. Said Chancellor Helmut Kohl: "A violent solution cannot be successful."



GIANNI GIANSANTI/SYGMA VIA CONTACT

Demonstrators in Rome: 'explosive reactions of fanaticism'

Provoked: The British government alone expressed unqualified support for the raid. But Conservative Prime Minister Margaret Thatcher's decision to let U.S. bombers strike Libya from British bases provoked an outcry. Polls showed that seven out of 10 Britons disapproved. And although the Tories defeated an opposition motion in the Commons to censure her policy by a vote of 325 to 206, there was dissent even in Thatcher's ranks. Former Conservative prime minister Edward Heath, for one, declared that he would have refused to allow a strike from British soil. He said that during the 1973 Yom Kippur Arab-Israeli war, he had turned down a U.S. request to use Royal Air Force bases in England and Cyprus to supply Israel. Added Heath: "If you have an air attack, you must accept that it is almost impossible to avoid a lot of civilians being killed or injured. I do not believe it is right for us to get involved in any way."

After Britain, Canada gave Reagan his firmest NATO endorsement. Prime Minister Brian Mulroney said that the Canadian government supported the U.S. objective of eliminating terrorism, although he deplored the loss of innocent lives in the raid. And Stephen Lewis, Canada's ambassador at the United Nations (UN) was outspoken in condoning the attack. "I don't think one can be strong enough," he told *Maclean's*. "I understand the [U.S.] anger and concern only too well. I share it." After hearing Mulroney's response, the U.S. ambassador to the UN, retired Gen. Vernon Walters, said that he was "quite grateful he had nothing unkind to say about us."

Vulnerable: Spain, Italy and Greece were especially concerned about the price that they may have to pay for the raid. Italy—where 40,000 demonstrators protested the bombing in various cities—is particularly vulnerable to retaliation. It conducts $7 billion of Western Europe's $17 billion in trade with Libya. And many Italians expressed shock that Libya attacked the Italian island of Lampedusa. In that action two missiles plunged into the sea just short of the island's U.S. telecommunications centre.

Clearly, the U.S. attack presented European leaders with a dilemma. They agree that terrorism must be countered. But they also claim that if they become involved in Reagan's military strategy they are likely to become targets of the terrorists. In Britain, where people have experienced Irish Republican Army bombings, many say that they fear a new enemy. Said one mother who lives near a Royal Air Force base at Upper Heyford in Oxfordshire: "Until a few days ago Libya was just a country on the coast of North Africa. Now I feel we're in the middle of a war."

Kohl: conciliation



ALPHA OMEGA/SYGMA VIA CONTACT

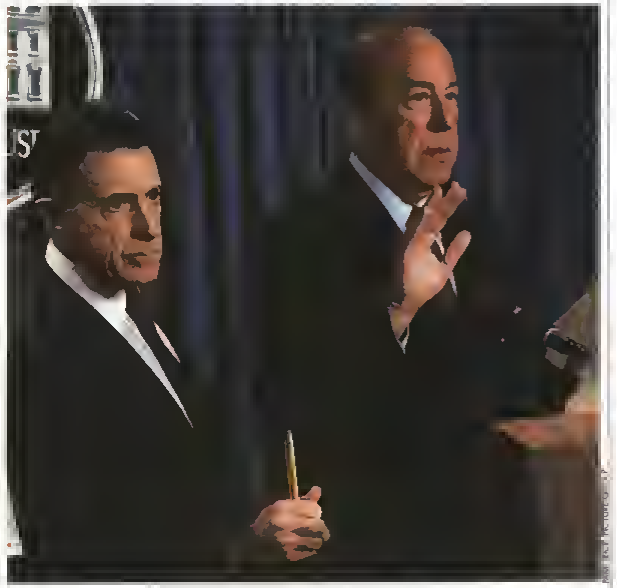
—BRIAN D. JOHNSON in Toronto with ROSS LAVER in London and PETER LEWIS in Brussels

A PASSION FOR ACTION

COVER

He is a gentle family man who shoots a round of golf in the mid-80s and many analysts say that he is one of the steadiest and the most credible of all Ronald Reagan's cabinet advisers. Henry Kissinger, in his memoirs, called him "the one American to whom I would entrust the nation's fate." George Pratt Shultz, 65, U.S. Secretary of State since 1982, is also a former top corporate executive with close ties to the Arab world. But Washington observers say that it is also Shultz who pressed the hardest for military action as a response to terrorism. And it was Shultz who, explaining last week's U.S. attack on Libya and its aftermath, impressed Americans with a tough, determined message. Said Shultz of Libyan leader Moammar Khadafy: "This man is a menace and at some point you have to say 'enough.' He has to start paying the price."

Since he replaced Alexander Haig as chief of the state department, Shultz has regularly put in 12-hour days overseeing and shaping America's foreign policy. Despite his bland and unflappable public manner, the 60th secretary of state has emerged as a hard-liner whose determination to use America's military power in pursuit of policy goals—or to punish perceived enemies—coincides with the President's. Although it was Reagan who ordered the bombing of Libya last week, it was Shultz who convinced him to do so. Friends say that the former U.S. marine's passion for action in the face of terrorism may have dated from a single terrorist episode: the truck bomb in Lebanon that killed 239 U.S. servicemen, mostly marines, in October, 1983. Shultz argued at the time against the subsequent withdrawal of U.S. forces from Lebanon because he said it would be a display of weakness. Following the terrorist capture of the Italian cruise ship Achille Lauro in October and the murder of a crippled American passenger, U.S. jet fighters forced down an Egyptian airliner carrying the hijackers in Sicily, but Italian authorities allowed their alleged leader to escape. Afterward, Shultz began speaking angrily in public, calling for tougher measures against terrorists and their supporters.



U.S. Defense Secretary Caspar Weinberger with Shultz: 'George was very sassy'

At a White House meeting in January, called to discuss the U.S. response to Christmas-week terrorist attacks on airports in Rome and Vienna, Shultz became angry when presidential Chief of Staff Donald Regan remarked, "We have no antiterrorism policy." One official said later that Shultz snapped back, "You don't know what you're talking about." A White House source told *Maclean's*: "Suddenly George was very sassy. And the President, who always liked the old George, liked the new George more."

Biases: The scion of a wealthy New York Republican family, Shultz has slipped in and out of government service throughout his career. He became a prominent University of Chicago academic and then a senior executive with the huge San Francisco-based construction and engineering conglomerate Bechtel Group Inc. Before his Senate confirmation as secretary of state, some Washington politicians expressed concern about the biases that he might carry into foreign policy from his eight years as president of one of the world's most secretive and influential corporations. Said Senator Carl Levin (D-Mich.): "Shultz's foreign policy views on the Middle East also run parallel to those of Bechtel."

Policy: Bechtel—with 119,000 employees and $11.5 billion in annual revenues—in effect conducts its own foreign policy. In addition to major projects in Canada, including Quebec's James Bay hydroelectric power development, Bechtel has built pipelines, natural gas plants, airports, even an entire city, in Arab countries—although it has had no business interests in Libya itself.

But doubts about Shultz's allegiance have been removed by his recent actions—and his unusually outspoken comments about Khadafy. Shultz made it clear last week that while the official objectives of the American air raid on Libya were military establishments and equipment, the ultimate target was Khadafy himself. By attacking Khadafy's headquarters, Shultz said that Libyan dissidents would see that Khadafy's elite guards "are not invulnerable." Said Shultz: "If a coup takes place, that's all to the good."

—WILLIAM LOWTHER in Washington

Gabriel's

YOU JUST CAN'T LOSE CONTEST

GET YOUR SHOCKS CHECKED AND YOU MAY BE AN INSTANT WINNER!



3 PONTIAC FIEROS

350 PRS. FREE GAS SHOCKS AND STRUTS

700 PRS. 50% OFF GAS SHOCKS AND STRUTS

*See participating dealer for full contest rules and instructions. Contest closes the earlier of June 15, 1986 or when all game cards have been distributed. Shocks or struts installation cost and applicable sales taxes are extra.



Everyone wins with Gabriel! Between March 17 and June 15, 1986 just visit any participating Gabriel dealer, and ask to have your car's shocks or struts checked.

You'll get a Scratch 'n' Win card just for asking – and you might win one of over 1,000 prizes!

And everyone who scratches a card saves at least 25% on the regular price of Gabriel gas shocks or struts. See your dealer today and see how you may be a winner with Gabriel!*

Gabriel®

3600 Lakeshore Blvd. West
Toronto, Ontario M8W 1N8



STEVENS SIPA SPECIAL FEATURES

Waldheim campaigning, with German army Col Hans Herbert Mecholtz (below), defiantly appealing to Austrian voters

AUSTRIA

The unmasking of a Nazi connection

It is a country caught in its own contrasts, a land of wild, forested alpine slopes and—as the home of both Wolfgang Mozart and Sigmund Freud—a cradle of the arts and the intellect. Once the centre of a mighty European empire, Austria became an annex of Nazi Germany in 1938. Austrians shared in Adolph Hitler's early Second World War triumphs and the ravages of his defeat. Since then, after 10 years of four-power Allied occupation, nonaligned Austria's recovery has made it one of the economic success stories of postwar Europe. But the campaign for next week's presidential election has reawakened wartime memories among many Austrians. Former United Nations (UN) secretary general and conservative presidential candidate Kurt Waldheim has faced accusations that he obscured his war record as a German army lieutenant in the Balkans. Said Waldheim: "I only did my duty."

In fact, Waldheim's recollection of duty has changed since 1985, when he published his autobiography. Then, he said that he had ended his active service in the German army when he was wounded in December, 1941, and implied that he had studied law in Vienna for the remainder of the war. But since early March spokesmen for the World Jewish Congress (WJC) have charged that from 1942 Waldheim was an intelligence officer in the Balkans, part of the German army's infamous Group E, which was responsible for war crimes against Greek Jews and Yugoslavs. The accusations have led to a series of clumsy denials from Waldheim, who finally admitted that he did serve in the Balkans—but only as an interpreter.

Waldheim also insisted at first that he had not been aware of any war crimes. But last week he acknowledged to *The New York Times* that he had known of the atrocities against Yugoslavs, as well as "measures taken against Jews." Still, he insisted that he had not been involved in any wrongdoing and rejected suggestions that he should abandon his presidential bid. Said Waldheim: "If I had the slightest feeling that I had done anything wrong, I would certainly do it. But I haven't. What I have been accused of are lies." Meanwhile, rejecting what Waldheim's supporters described as foreign intrusions into Austria's domestic politics, the conservative People's Party distributed campaign posters reading, "We Austrians will vote for whom *we* want."



That note of defiance has apparently gained the sympathy of many Austrians. Last week opinion polls showed Waldheim leading his socialist opponent, former health minister Kurt Steyrer, by 39 per cent to 34 per cent, with 20 per cent of the voters still undecided. For his part, Steyrer has steered clear of the acrimonious debate even though his Socialist party has made the charges against Waldheim a central election issue. But some Socialist spokesmen acknowledge that the backlash caused by the WJC campaign has hurt Steyrer's chances. Said Socialist member of parliament Josef Cap: "The World Jewish Congress is busy getting Waldheim elected."

The backlash has also included a new surge of anti-Semitism against Austria's Jewish community—7,000 out of a total population of 7.5 million. Jewish Welcome Service organizer Leon Zellman, for one, said that he and other prominent Vienna Jews receive hate mail daily and that some Jewish families refuse to answer their telephones because of threatening calls. But the WJC has refused appeals by Austrian Jews to halt the campaign, and WJC spokesmen maintain that Waldheim must be held accountable for his past. Declared WJC secretary general Israel Singer addressing Austrian Jews: "If you don't like it in Austria, you don't have to stay there. Israel is your home."

The argument over Waldheim's candidacy has partially obscured the shifting political balance in Austria. As head of state, the Austrian president has performed a largely ceremonial public role while sometimes working behind the scenes to help resolve critical differences within the parliament or the government. But the prospect of a Waldheim victory has alarmed the Socialist party, which has maintained a parliamentary majority for 14 years. For the past year the People's Party has gained steadily on the Socialists in opinion polls, and spokesmen for both parties acknowledge that if Waldheim wins a majority on May 4, the People's Party, which supports his candidacy, may develop enough momentum to win a parliamentary majority in the next general election, due in 1987.

Socialist supporters say that their defeat could undermine Austria's harmonious system of economic decision-making. Under that arrangement, important economic matters are referred to advisory policy groups representing the government, labor unions and industry, much of it owned by the state. As a result, the government guarantees virtually full employment, the unions keep wage demands low and industrial managers help keep prices stable. Still, the government has lost support because of budget deficits, caused largely by losses in the nationalized steel and chemical industries.

As well, some Austrians say that they fear that the government will try to cut its deficit by decreasing pensions and social benefits. Both Steyrer and Waldheim have pledged to make the most of the presidency to ensure that this will not be done. They have also vowed to convince the government to keep a firmer grip on nationalized industries. But the debate over Waldheim's past has dominated the campaign. Declared Socialist Chancellor Fred Sinowatz, the head of government: "The real issues are playing a less important part than the character of the man who is going to represent Austria for the next six years."

—ANN FINLAYSON with SUE MASTERMAN in Vienna

YUGOSLAVIA

A nation in disarray

The statistics are daunting: an annual inflation rate of 80 per cent, about one in five workers unemployed and a $20-billion (U.S.) foreign debt. Yugoslavia's political problems are less measurable but even more pressing. Next month Branko Mikulic, a 57-year-old conservative, will become prime minister, and the difficulties facing the nonaligned Communist country will severely test his organizational skills. Ethnic antagonism among the six Yugoslav republics and two autonomous provinces—held in check for 35 years by President Josip Broz Tito until he died in 1980—is also increasing. And although Mikulic was chosen by a collective leadership representing all regions, his accession will place a further strain on ethnic relations. The reason: in spite of a federal system that normally rotates the senior government post among the regions, Mikulic will be the second successive Croatian prime minister.





SVEN SIMON

Belgrade supermarket; Mikulic (below); inflation, unemployment and ethnic discord

Yugoslavia's ethnic discord now threatens to divide the country severely. The population of 23 million is made up not only of native Serbs, Croats, Slovenes, Macedonians, Bosnians and Montenegrans but also more than 40 minority groups. A complicating factor is economic disparity between the wealthy north and the poorer south. The southerners complain about job shortages and the northerners resent paying subsidies to the poorer regions. Said one official: "People in every republic feel that each decline in their standard of living is the result of exploitation by the other republics."

The nationalistic aspirations of some minorities are a further source of unrest. In the impoverished southern province of Kosovo, for one, ethnic Albanians—77 per cent of the provincial population—are campaigning for republican status. The federal government in Belgrade has so far managed to control the movement, but in the past five years more than 120,000 Serbians have fled the province.

Many Yugoslavs say that only a healthier economy will relieve ethnic tensions. The government claims that exports of the subcompact Yugo car—with projected sales of 150,000 by 1988 in the United States alone—will help recovery. Said Ljubisa Adamovich, an economist at the University of Belgrade: "If the Yugo is a success, it will become a model for many other firms." But even if the economic problems are ameliorated, the country's ancient ethnic antagonisms seem likely to endure.

—PEETER KOPVILLEM with correspondents' reports

THE PEOPLE AND PLACES OF WESTIN
CARING. COMFORTABLE. CIVILIZED.

WESTIN
HOTELS & RESORTS

A traveller on business finds an ally

in someone who is not unhappy at the thought of the unexpected request, but welcomes it as a challenge to be faced and overcome along the course of an adventurous day. That person can be found at every Westin hotel



Here is one who knows what is best and by what arts it may be secured the ticket, the transport, the improbable, the impossible. Expert at those phases of energy known as instinct and intuition, successful in invention, quick in emergencies, those who deliver concierge services at Westin are another dividend that makes of your stay just what it ought to be. Caring. Comfortable. Civilized.



The National Theatre Washington, D.C.

ACAPULCO ATLANTA BOSTON CALGARY CANCUN CHICAGO CINCINNATI DALLAS DENVER DETROIT EDMONTON EL PASO FORT LAUDERDALE GUADALAJARA GUATEMALA CITY HOUSTON ISLAND OF HAWAII IXTAPA JOHANNESBURG KANSAS CITY KAUAI KOWLOON KYOTO LOS ANGELES MANILA MANZANILLO MAUI MAZATLAN MEXICO CITY NEW ORLEANS NEW YORK OAHU ORANGE COUNTY OTTAWA PHOENIX PITTSBURGH PORTLAND PUERTO VALLARTA PUSAN SALT LAKE CITY SALTILLO SAN FRANCISCO SAN SALVADOR SEATTLE SEOUL SINGAPORE STAMFORD TOKYO TORONTO TUCSON TULSA VAIL VANCOUVER WASHINGTON, D.C. WINNIPEG

Call your travel consultant or 800-228-3000.



The Westin Hotel, Washington, D.C.

PHILIPPINES

Approving Aquino



MATSUMOTO/SYGMA

Aquino: 'legitimate'

With her government under attack by supporters of deposed leader Ferdinand Marcos, Philippine President Corazon Aquino last week received a vote of confidence from an unexpected source Guerrilla leaders of the Moslem Moro National Liberation Front (MNLF)—who recently signed a ceasefire agreement with the military after more than 10 years of fighting for autonomy in 13 southern provinces—said that Aquino has the support of the people. "We have decided that the legitimate government in this country is the government of President Corazon Aquino," declared MNLF official Macapantun Abbas The announcement came just two days after a rebel session of the abolished National Assembly accused Aquino of illegally seizing power following the February presidential election Later, about 500 Marcos loyalists gathered outside the U S Embassy in Manila to demand the return of the exiled leader, who they claim was tricked by Washington into fleeing to Hawaii

PAKISTAN

Bhutto's challenge

In what became an important test of Pakistani President Zia ul-Haq's commitment to democracy, the military last week allowed more than 75,000 supporters of opposition leader Benazir Bhutto to hold a rally in Rawalpindi, headquarters of the Pakistani army As in five previous rallies since her return from exile April 10, Bhutto called for a "peaceful revolution" with free general elections to replace last year's poll in which parties were prohibited from campaigning And the leader of the banned Pakistan People's Party (PPP) sharply criticized Zia, who overthrew her father, President Zulfikar Ali Bhutto, in a 1977 coup and later had him hanged on a controversial murder conspiracy conviction in Rawalpindi's central jail "There comes a time for every dictator to go," declared Bhutto "Now it is time for the usurper to get ready to go" There had been concerns on both sides that bringing Bhutto's "Caravan for Change" to the garrison city would incite violence But with heightened security measures by both government troops and PPP guards, last week's rally ended without incident

BRITAIN

A Tory revolt

It was the most conspicuous rebellion in British Conservative ranks since Prime Minister Margaret Thatcher assumed office in 1979 Defying their leader's call to support legislation repealing a prohibition on most Sunday shopping, 68 Conservatives joined the opposition last week to defeat the government-sponsored bill As well, all 14 Unionist MPs from Northern Ireland suspended their parliamentary boycott in protest against the Anglo-Irish Accord, signed last November, to oppose the legislation Many Britons consider their centuries-old Sunday shopping laws—which permit the sale of such items as whisky and Aspirin but not tea or toothpaste—archaic, poorly drafted and unworkable But in a parliamentary debate before the vote, opposition Labour MPs denounced the proposed change while former Conservative foreign minister Francis Pym said that government efforts to repeal the laws were "offensive and distasteful to many people." And for Thatcher, celebrating her seventh year in office next week, the parliamentary defeat—and her own party's revolt—was an unwelcome anniversary present.

THE UNITED STATES

A Russian's return

Nineteen years ago Svetlana Alliluyeva, the daughter of the late Soviet dictator Josef Stalin, defected to the United States In 1970 she married her fourth husband, Arizona architect William Peters, but a divorce followed three years later, after the birth of a daughter, Olga. Eighteen months ago, following a brief stay in England, Alliluyeva took her daughter out of school and made a highly publicized return to her homeland. At a Moscow press conference she declared, "I feel happy at last—I have returned home" But lasting happiness apparently eluded Alliluyeva. Rejected by the two grown children she had left behind in Moscow in 1967, Alliluyeva retreated with Olga to a quiet life in southern Tbilisi Three weeks ago they returned to Moscow to negotiate with Soviet authorities for permission to leave again Last week Olga, 14, flew back to England for a tearful reunion with friends and teachers at a Quaker boarding school And Alliluyeva, 60, described by western friends as a restless, temperamental woman still searching for fulfilment, quietly re-entered the United States

IRELAND

The end of an ordeal



Guinness' millions

When she was bundled into a car trunk after her abduction on April 8, Dublin socialite Jennifer Guinness, 48, hid a car jack under her coat in the hope—until one "bopping mad" abductor found it two days later—of using it against her captors At another point, the slight, grey-haired woman said later, she tried to persuade her three captors that they had the wrong Guinness. But when they saw television coverage of the lavish lifestyle of her family—one with ties to the Guinness brewing fortune—a member of the gang burst into her room shouting, "You're worth millions" The gang demanded the equivalent of $3 6 million in ransom Finally, after an eight-day ordeal in which Guinness, gagged and blindfolded, was moved to five different locations, police surrounded a house in Dublin's embassy district. After an exchange of gunfire, six hours of negotiations—and "advice to all parties" from Guinness—the gunmen gave up Police, who described the abductors as common criminals rather than political activists, said that no ransom was paid And at a news conference following her release, Guinness said she felt no hatred for her kidnappers Said Guinness "I think I feel pity and compassion for them"

Wardair only flies wide-bodies, so tall bodies, short bodies, large bodies, and small bodies will all be more comfortable.



Everybody knows our nose for value, but not everybody knows that all our Wardair planes are wide bodied.



That means when you fly Wardair's new regular scheduled service across Canada starting May 1st, you can enjoy all the extra comfort a wide bodied aircraft offers

And as if that's not enough, Wardair gives you the option of an extra wide seat for only $75 if you're flying one way to Vancouver or $50 if you're flying one way to Edmonton or Calgary Our wide seat is also available on our daily flights from Toronto to Gatwick for just $50 one way What's more, all our wide seats are reserved exclusively for the comfort of our non smoking passengers

Our regular scheduled service offers all the privileges of any other scheduled service such as one way fares, open returns, no minimum stay requirements and booking up to and including day of departure

From May 1st through June 16th, we're offering your body a little incentive to fly our wide-bodies Between these dates, our very special introductory fare will allow you to fly from Toronto to Vancouver one way for just $199, or $169 one way to Edmonton or Calgary



We depart Toronto for Vancouver every morning at 9 a m , and we offer six additional evening flights during the week All are non stop.

While in flight you'll be treated to our incomparable Wardair Class Service, providing everybody aboard superb cuisine served on Royal Doulton china, accompanied by a fine selection of wines with dinner, and reasonably priced spirits and liqueurs Talk to your travel agent or call Wardair at 620 9800. Outside the (416) Metropolitan area call 1-800 387 0500 toll free and in areas (519), (613) or (705) call 1-800-387 0520 toll free.



We look forward to welcoming you aboard our all wide-bodied fleet.

Whether you're a tall body, a short body, a large body or a small body, nobody will take better care of you

WARDAIR

The way we get you there, got us here.



A Marcos-owned apartment in New York and Wriston (below) siphoning off money from poor nations to safe havens abroad

BUSINESS/ECONOMY

A capital flight north

The phenomenon is known as capital flight—and it represents the lost wealth of some of the world's most indebted nations. And the overthrow of two former dictators, Ferdinand Marcos of the Philippines and Haiti's Jean-Claude Duvalier, recently underlined just how massive the problem has become. In Marcos's case, he managed to siphon anywhere from $4 billion to $14 billion from the country into foreign accounts and investments during his time in government. Reports vary widely, but Duvalier may have sent out as much as $1 billion. Throughout the Third World the legal or illegal export of foreign exchange has become a far-reaching and destructive trend. Indeed, wealthy individuals, government officials and corporations routinely circumvent currency restrictions and send millions of dollars' worth of their local currency abroad. Said Walter Wriston, former chairman of Citicorp of New York and a leading lending expert: "Most people believe that the flight of capital from Latin America on deposit in New York and Miami exceeds the total capital remaining in those countries."



STERE WHEELER PICTURES

The loss of so much private wealth is a result of a lack of confidence by the elite of developing countries in their own domestic economies and fiscal policies. Many wealthy Third World residents prefer to invest their capital in safe havens abroad—mainly in the United States, Europe and Switzerland—in various banks and tax shelters. That leaves less money available for investment in wealth-producing factories, farms and resources. The problem of capital flight is now receiving increasing scrutiny and it is also making executives of financial institutions reluctant to lend the governments of debtor nations the additional money that they need to meet their current loan payments. Declared Wriston: "If your own people don't trust you, why should anybody else?"

In the past decade the surge of cash flow from poor to wealthy countries has increased dramatically. Wriston estimates that nearly $41 billion in capital was sent out of Mexico in February alone, as Mexicans sought to protect their assets from the economic damage caused by the collapse of oil prices. Mexico has since slapped on credit controls to stanch the outflow. Because much of the cash is hidden through complex, electronic bank transactions, the exact dimensions of the outflow are impossible to pin down. But a study by Morgen Guaranty Trust Co. of New York estimates that 10 Latin American countries that added $375 billion to their debts between 1975 and 1985 suffered a capital flight of $171 billion during the same period. Argentina, for one, incurred $58 billion in new debts while $36 billion left the country. Venezuelans took $41 billion out of their country while the government added $36 billion in new debt.

Although lenders now criticize its damaging economic effects, the largest international banks have themselves played a key role in facilitating capital flight. Indeed, what analysts refer to as international private banking has become a prime profit maker for such leading U.S. banks as Chase Manhattan Bank, Citibank and Morgan Guaranty. Those and other institutions maintain large staffs that compete aggressively for deposits from wealthy Third World residents and companies.

Recently, the banking facilities that assist capital flight have come under increasing scrutiny. That has largely been a result of the efforts of President Corazon Aquino's new government to retrieve some of the funds that Marcos allegedly removed from the Philippines during his 20 years in power. Last month New York Democratic Congressman Stephen Solarz, who is investigating the Marcoses' U.S. investments, described the former president's transfers as "one of the greatest heists in history—indeed, the theft of a nation."

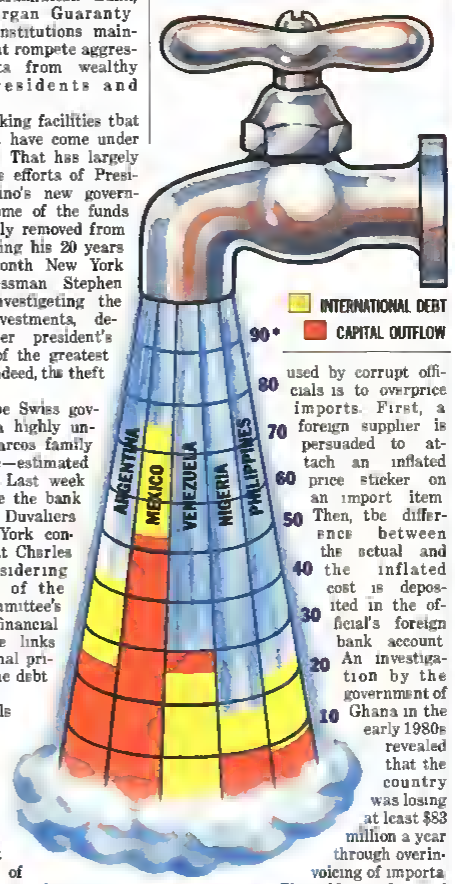
Late in March the Swiss government imposed a highly unusual freeze on Marcos family bank assets there—estimated at up to $1 billion. Last week the Swiss also froze the bank accounts of the Duvaliers. And another New York congressman, Democrat Charles Schumer, is considering holding hearings of the House Banking Committee's subcommittee on financial institutions on the links between international private banking and the debt crisis.

Many individuals and companies have traditionally chosen to protect their money from confiscation or excessive taxation by transferring it abroad. And many of the methods used involve simple smuggling. The Marcos family, for one, flew out of Manila to Hawaii carrying $14 million in jewels and $15 million worth of freshly minted pesos. (That fortune has now been seized by U.S. customs officials.) Wealthy Iranians opposed to Ayatollah Khomeini's regime sent away about $1.4 billion in rare Persian rugs in small boats and trucks to warehouses in West Germany.

But most of the money currently exported follows a far more complicated paper trail of dummy companies, electronic transfers and secret bank accounts. One popular method commonly used by corrupt officials is to overprice imports. First, a foreign supplier is persuaded to attach an inflated price sticker on an import item. Then, the difference between the actual and the inflated cost is deposited in the official's foreign bank account. An investigation by the government of Ghana in the early 1980s revealed that the country was losing at least $83 million a year through overinvoicing of imports. The evidence of capital flight from Latin America is most visible in the United States, particularly in the southwest border states and in Florida. In Miami real estate prices reflect the size of Latin American capital flows—surging in the early 1980s as oil wealth was sent north and dropping in 1983-84 as the worldwide recession, a downturn in bank lending and currency devaluations briefly dried up the flood.

ESTIMATED NET CAPITAL FLIGHT 1975-1986

*NUMBERS IN BILLIONS OF U.S. DOLLARS



SOURCE: MORGAN GUARANTY TRUST COMPANY

Mexicans have taken large amounts of Latin American money into the United States. Since 1976, when the radical economic policies of then-president Luis Echeverría Alvarez caused the first large-scale export of capital from Mexico, thousands of wealthy Mexican families have crossed the Rio Grande and bought or started businesses in San Diego, San Antonio and other southwest cities. The Mexican government estimates that its citizens have nearly $63 billion—half the value of Mexico's foreign debt—invested in the United States. Residents of Lebanon, Iran, South Africa and Persian Gulf sheikdoms have also exported huge amounts of wealth to the United States. And in Canada, while no figures are available, entrepreneurs from Hong Kong have stepped up their investments—especially in Toronto and Vancouver—as they prepare for their homeland's severance from Britain in 1997.

But recently, there has been growing international pressure to reverse a trend that lenders say is evidence of unsound domestic economic policies. In exchange for new loans, lending bodies such as the World Bank and the International Monetary Fund (IMF) advocate that debtor nations adopt policies of high interest rates, currency devaluation and trade liberalization—policies designed to make it more difficult to export money.

In countries with incentive-oriented financial policies, such as Brazil, the loss of wealth to other countries is only a minor problem. But traditionally, the governments of debtor nations have objected to adopting IMF-inspired austerity programs. Third World officials argue that those policies would reduce their citizens' standard of living and raise the prospect of domestic unrest—itself one of the major causes of capital flight. But within those nations there are indications that some residents are finally objecting to the damaging effects of capital flight. Last month the popular Mexico City newspaper *Excelsior*, for one, listed 575 *sacadolares*, or dollar grabbers, who take foreign exchange out of the country.

As some debtor nations struggle to cope with depressed export earnings caused by falling oil prices—and others find themselves struggling with debts accumulated by former rulers—the cozy relationship between local flight capitalists and the banks from the north may be severely strained. In countries such as Mexico, where the average income is less than $2,800 a year, the traditional toleration of the fondness of rich people for sending their profits abroad may also run out.

—LENNY GLYNN in New York

Letter perfect profits

It has a reputation of being one of Britain's most inefficient and costly government-subsidized corporations. The British Post Office nearly always delivers the mail late. And many Britons complain bitterly about lineups at the country's 21,000 post office counters, where clerks can often be seen working behind "closed" notices, while an overburdened worker struggles at the solitary "open" window. Still, Britain's 350-year-old Post Office has actually made a profit in every year since 1975. Last year's profit was $320 million on revenues of $6.7 billion. The turnaround is the result of a corporate strategy that has transformed the institution into a competitive enterprise offering a wide range of new services. Under the direction of Sir Ronald Dearing, the Post Office plans to aggressively expand its profitable financial services arm—a decision that could put it into head-on competition with the country's banks and building societies (credit unions).

The Post Office's successful financial makeover has made it a candidate for sale to the private sector by the British government. The estimated price tag: $2 billion. Recent activity within the public corporation has, in fact, increased speculation about a sale. Three weeks ago the Post Office was divided into four separate subsidiaries. Some analysts said that was a necessary first step to selling off the most profitable sections—notably parcel delivery and the 18-year-old banking operation owned by the Post Office, National Giro-bank. As well, the recent introduction of huge capital investments to improve its services will almost certainly make the Post Office a more valuable acquisition.



Dearing: aggressive

But spokesmen for the union representing the Post Office's 170,000 workers and national consumer groups say they fear that the emphasis on preparing for the possible sell-off will cause the corporation to neglect the necessary job of improving its basic task—universal mail delivery. Said Anthony Clarke, deputy general secretary of the Union of Communication Workers (UCW): "Public service should be our first priority, not profits."

The Post Office's regeneration over the past decade was largely a response to a history of poor industrial relations, which became obvious after the last national postmen's strike in 1971. Morale and performance were alarmingly low after the seven-week work stoppage. As well, the strike permanently cost the Post Office a healthy slice of the lucrative traffic in urgent documents and parcels as private courier services stepped in to fill the gap.

In an attempt to recapture some of that lost business and improve its services, the Conservative government severed the Post Office from its telecommunications arm, British Telecom, in 1981. The year before, it brought in Dearing with a mandate to begin a massive reorganization. Last year the corporation lowered stamp prices for the first time since 1840 in an attempt to increase the volume of mail handled by the corporation. That strategy appears to have worked. Last year the Post Office handled 42 million letters daily—the highest number in almost 20 years.

Dearing implemented a $1.2-billion capital investment program last year to mechanize the letter-sorting network and to provide new counter technology that will increase the number of services provided by the Post Office's retail outlets. The corporation can now provide about 230 separate services, including payment of pensions and family allowances. With 21,000 outlets—twice as many as all the UK banks combined—the Post Office is well placed to compete for customers.



Lineup at a British post office: healthy profits, long delays, fury

Despite the costly investment in technology, the Post Office must still overcome its delivery problems. Although Britain, like Japan, remains one of the few countries to have, in all but remote areas, two daily mail deliveries to the front door from Monday to Friday and one on Saturday, complaints about slow service are increasing. In the last fiscal year the Post Office Users' National Council, a national consumer group, saw the number of complaints about service jump by 36 per cent.

Post Office managers say that it is tackling the twin problems of slow counter service and mail delivery. A key challenge will be to persuade a deeply conservative workforce to adopt more flexible working practices. The union is considering a proposal that would allow the corporation to hire part-time staff members to assist during the busiest periods of the day. So far, there are strong indications that the union is willing to support the initiative. Said UCW's Clarke: "There's recognition among membership that the Post Office cannot just enjoy a monopoly situation. It has to change to compete in a new industrial scene."

Still, many Britons say that as it continues its attempt to increase profits the Post Office will have to overcome what they see as its fundamental problem: deteriorating service. For them, success means nothing less than having the postal service live up to its past glory.

—PAULETTE ROBERGE in London

Flip this page...

That's how easy a Toro rear bag goes on and off.



TORO

Toro's Easy Empty® rear baggers are easy to use – just grab one lever and pull. And because the bag is in the back, the machine cuts right up against trees and fences. The bags hold up to 2½ bushels of clippings, so you spend less time mowing, and no time raking!



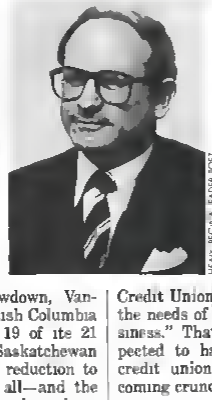
Haven't you done without a Toro long enough?

Preparing for a new credit crunch

The warning signs of a pending crisis for Canada's moneylenders are already clear. With energy prices falling, the big banks are quietly setting aside capital to cover the cost of a wave of defaults on loans that is expected to break over the West within the next nine months. Last month Calgary's Dome Petroleum Ltd. announced that it would suspend or limit payments on its $6.3 billion in loans. Other companies are expected to follow suit soon. As well, individuals, farmers and small businesses are finding it more difficult to obtain credit from institutions which are increasingly worried about the ability of their customers to pay. Said Edward Benning, president of the Credit Union Federation of Alberta: "We are much more careful about lending out money now."



BRIAN KAISER



HENRY REGNA, BADER POST

Doodha, B.C. Bank's Kaisar (below): concern about rising loan losses

The loans of Canada's big six banks are spread around the world, and most financial analysts say that the major lenders will not be seriously harmed by the downturn in Western Canada. Still, the banks do stand to lose millions on the $11 billion they have in loans to Canada's energy industry. A report by Toronto-based brokers Gordon Capital Corp. predicts that bank loan losses will soar to at least $3.2 billion in 1986, up by $750 million from $2.45 billion in 1985. The Royal Bank of Canada says it expects to lose $800 million for 1986, up $115 million from last year. The bulk of the bank's loan losses will come from just a handful of Canadian energy firms. Gordon Capital estimates that, in addition to Dome, Alberta companies such as Sulpetro Ltd., Ocelot Industries Ltd. and Coseka Resources Ltd. will have difficulty meeting their loan payments if oil is less than $15 (U.S.) a barrel. At week's end, oil was trading at $11.70 (U.S.) on international markets.

But despite the difficulties that loan defaults pose for the banks, industry analysts do not expect them to force companies indiscriminately into receivership. Indeed, in the current climate banks would rather try to save a defaulting company—and get their money later—than seize it and try to sell oil and gas assets in a buyer's market. Among their options: delaying loan repayments and converting the loan into equity in the troubled company. Said Kersi Doodha, vice-president and bank analyst with Montreal-based Levesque, Beaubien Inc.: "The banks will stick with them as long as there is something there on the positive side."

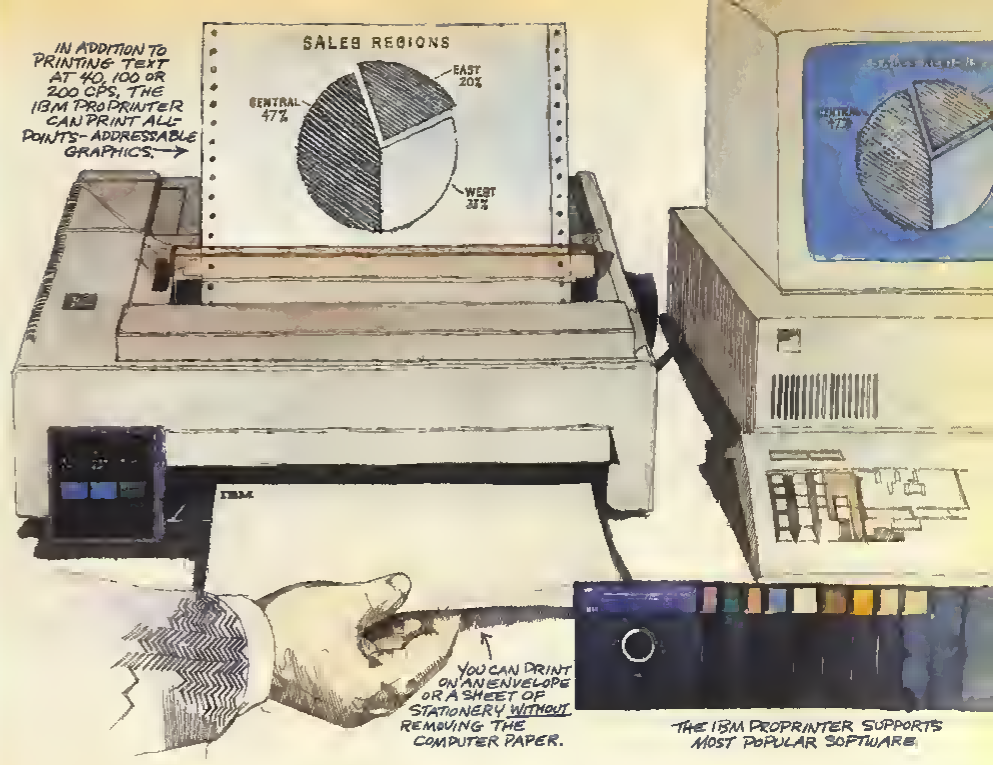
Faced with the West's continuing economic slowdown, Vancouver-based Bank of British Columbia (BBC) last month closed 19 of its 21 branches in Alberta, Saskatchewan and Manitoba. The BBC's reduction to 39 branches from 60 in all—and the decision to have only one branch in Calgary and Edmonton—is a reversal of its earlier expansion strategy. In February, 1985, the BBC, headed by flamboyant chairman Edgar Kaiser Jr., purchased eight branches in Saskatchewan from bankrupt Pioneer Trust Co. of Regina. It also opened two branches in Manitoba. But the branches have now been closed, Kaiser said, because "they would have taken much longer than we first thought to become profitable."

Part of the BBC's problem, it appears, is that it is still suffering from a confidence crisis that shook the banking system in late 1985. As well, unfavorable publicity about the bank's financial condition in February, followed by a drop in its credit rating in early March, caused some large customers to withdraw their deposits. The Saskatchewan government, for one, withdrew $9 million. But the BBC is now recovering those lost deposits—mainly from individuals. Declared Alix Granger, vice-president with Vancouver brokers Pemberton, Houston, Willoughby Inc.: "I am firmly convinced that the bank is going to survive."

For its part, the western credit union movement is expected to weather the current slowdown. Most of its loans are in mortgages and small businesses—not energy or agriculture. Many credit unions are already relying on government assistance, having absorbed huge loan losses caused by a real estate crash in the early 1980s. In British Columbia, 24 of the province's 135 credit unions are operating under the supervision of the province's Credit Union Deposit Insurance Corp. And in Alberta the government-backed Credit Union Stabilization Corp. has in the past year purchased $250 million in foreclosed properties from 42 of the province's 130 credit unions.

Still, the heavy losses early in the decade resulted in a more conservative attitude to lending in the West. Declared Graham Lane, chief executive officer of Edmonton Savings and Credit Union: "Now, all we do is serve the needs of individuals and small business." That mood of caution is expected to help limit loan losses for credit unions and banks during the coming crunch.

—MICHAEL SALTER with SID TAFLER in Victoria, MARK BUDGEN in Vancouver and THERESA TEDESCO in Toronto



Built to take it. Priced to take it with you. The new Proprinter from IBM.

There's just one thing that's as remarkable as the rugged reliability of our newest personal printer—and that's its price of $869*

The new Proprinter is built by IBM to last. And simplicity of design is what makes it so reliable.

Yet the IBM Proprinter is a full-featured machine. It has three printing speeds to give you everything from fast first drafts to sharp, near-letter-quality correspondence.

With its all-points-addressable graphics and its comprehensive character set, the IBM Proprintor supports most popular software.

The new Proprinter attaches to every type of IBM PC and to many other personal computers.

It takes perforated computer paper for long jobs and—without removing the paper—will easily print on a sheet of stationery or an envelope, thanks to a handy slot in front.

And it's just part of our growing family of personal printers.

All are designed to serve a single purpose. To give everything you do the finishing touch.

For the IBM Product Centre or the IBM Authorized Dealer nearest you—or for free literature—call IBM Canada Ltd. toll-free 1-800-465-6600.

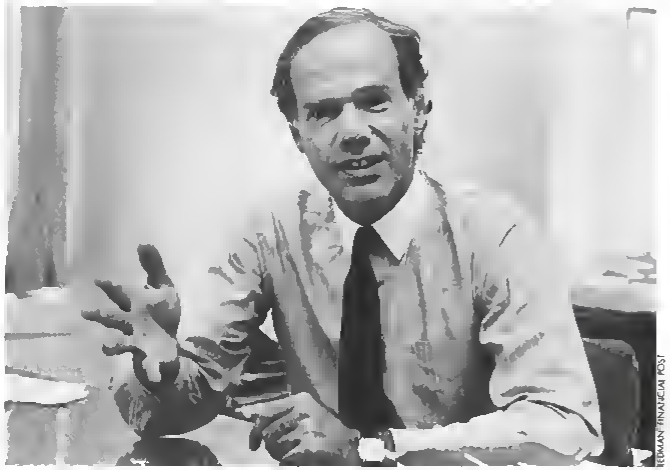
IBM

Helping Canadians Discover EXPO 86

IBM Personal Printers...The Finishing Touch

*Price does not include printer cable and applies at IBM Product Centres. Prices may vary at other IBM Authorized Dealer outlets.

IBM is a registered trademark of International Business Machines Corporation. IBM Canada Ltd., a related Company, is a registered user.



HERMAN/FINANCIAL POST

Dey: strings pulled from abroad and an industry-wide need for more capital to compete

A brokerage shakeup

It has been a vigorous but polite debate, conducted over the past 18 months in endless committee meetings and discussion papers. But the decision on whether to open up Canada's protected stock brokerage and investment dealer business to wider ownership by foreigners, financial institutions and nonfinancial companies in Canada is finally about to hit Bay Street. *Maclean's* has learned that Ontario's Liberal government planned to announce in a throne speech this week that it is preparing new regulations to allow wider access to the business. For broker-dealers in Ontario—where most of the country's major firms are based—the change will offer a better chance of competing in the increasingly competitive international money markets. But some executives fear that the business is on a slippery path to foreign domination. Said one influential Toronto broker: "It will turn our industry into a branch-plant business with a lot of the strings pulled by foreigners from abroad."

That view, shared by most of the large, established broker-dealers, reflects another concern: the impact that new ownership may have on clubby Bay Street. At present, most investment firms are owned by their managing directors. But even before the likelihood of changes, some firms were already considering raising extra capital by offering stock to the public through share issues. Now, others are exploring links with New York and European firms through partnership agreements or outright mergers.

The Ontario government is also considering allowing foreign investment firms to operate under certain restrictions. Said Stanley Beck, chairman of the Ontario Securities Commission (OSC): "The financial markets today are world markets and investors around the world look to the best markets." Without change, he said, "we'll become a financial backwater."

The push to revamp ownership comes from an industry-wide need for more capital. Firms that have advocated change say an infusion of capital is required for the huge underwritings that Canadian companies increasingly demand. As well, they need additional capital to compete in foreign markets—especially the lucrative and highly competitive European market, where many Canadian companies are raising money. Ontario investment dealers are also faced with a rapid move toward worldwide 24-hour trading. To compete in that borderless market, domestic firms will have to upgrade their computer facilities and the expertise of their staff—all costly.

The Ontario government, which has jurisdiction over Canada's most influential securities body—the OSC—"wants the investment business to compete in an international market," said a principal adviser to Premier David Peterson. At present, the law allows each investor—foreign or institutional—to own no more than 10 per cent of an investment firm. Total foreign ownership of a company may not exceed 25 per cent.

But in a controversial and much-studied 1985 report, then-OSC chairman Peter Dey argued for up to 30-per-cent ownership by any one investor, foreign or Canadian. Dey also proposed that up to 49 per cent of the ownership of any company be opened up to investors outside the investment industry. As well, the report suggested that foreign investment firms be permitted into the market. Bay Street, it said, should be forced to increase the size of individual firms and face up to competition from chartered banks and merchant bankers.

A spokesman in Peterson's office indicated that when the new rules come into effect—probably not until Jan. 1—they will ease restrictions on ownership but will not incorporate all of the Dey recommendations. Industry executives say that smaller investment firms will benefit most from the expected changes by gaining access to more capital and links to larger, more sophisticated foreign firms.

Some firms are already raising new capital—which is needed to underwrite clients' market financings—through public stock issues. Three Montreal firms, Geoffrion Leclerc Inc., Disnat Inc. and Levesque Beaubien Inc., recently announced plans to go public. And rumors persist that several major Toronto broker-dealers are also considering public stock issues.

The investment industry must also wrestle with the delicate problem of links with nonfinancial shareholders. Last week in Ottawa, Minister of State for Finance Barbara McDougall approved Montreal-based Imasco Ltd.'s takeover of Genstar Corp. and its Canada Trustco Mortgage Co., the country's largest trust company, but she insisted on a ban on "self-dealing." As a result, Canada Trustco will not be able to provide financial services to companies owned by Imasco. The same dilemma confronts the investment industry when a dealer-broker offers services to a company linked by ownership. Said the OSC's Beck: "This is the classic Canadian dilemma in almost every situation: how do we create a sufficient opening to improve ourselves and at the same time protect ourselves?"

—PATRICIA BEST with THERESA TEDESCO and SHERRI AIKENHEAD in Toronto

Here in print is the word nobody mentions as a major obstacle to financial success.



Pro·cras·ti·na·tion.

The word itself takes a long time to get where it's going.

The fact is that in the pursuit of financial success, most of us are experts in the art of postponement.

Sure, we pay the mortgage people every month, the credit card people, the electric, heating, water, tax and telephone people–we pay everyone.

Except ourselves.

Investors can help you set your priorities straight. We start with the first principle of personal financial planning: PAY YOURSELF FIRST.

Second principle: START NOW. With time on your side, and the right plan of action, you don't need a lot of money. For example, if you saved just $100 a month for 30 years at 11% interest, and took advantage of tax shelters, you'd end up sitting on top of a nest egg worth over $250,000.

Sound good? Contact an Investors Personal Financial Planner today.

Or tomorrow at the latest.

IG Investors Group

PROFIT FROM OUR EXPERIENCE

A MEMBER OF THE POWER FINANCIAL GROUP OF COMPANIES.



A rich empire built on secrecy

By Peter C. Newman

In the shuffling and shifting that is transforming London's financial district, one merchant bank is emerging as the British version of Wall Street's world-class investment houses. S G Warburg & Co Ltd, which has broken most of the rules that govern the cozy British money fraternity, also happens to be the one U K financial institution with deep and expanding ties to Canada.

Founded in 1946 by Sir Siegmund Warburg, who escaped the Nazi persecution of his Hamburg-based banking family, the fledgling but aggressive London offshoot suffered severe initial growing pains. Its hardworking staff was ostracized by a financial community whose members seemed more interested in hunting foxes than in hustling new equities. Warburg earned his reputation for eccentricity by, for example, insisting that potential staff members have their handwriting analysed. It was also said that an imperfect knowledge of the novels of Trollope counted heavily against any banker seeking promotion from Sir Siegmund. His other great penchant was for secrecy. His firm's annual reports, containing minimum data, are still printed on plain paper, and the large City building that houses the bank has no identifying signs or logo.

What turned Warburg into a major player was Sir Siegmund's notion that introduction of the 1964 interest equalization tax represented an opportunity to create a new kind of international capital market based in London. He moved ahead of competitors by establishing the firm in what has since become the hyperactive Euromarket—and it is his company that is now leading the pack in becoming a new-style British merchant bank, poised to take on the biggest and the best of New York or Tokyo.

The deals that will make all this possible were consummated this month when Warburg absorbed ownership of the largest stockjobber in London (Akroyd & Smithers PLC), the Queen's personal broker (Rowe & Pitman) and one of the main firms involved in the distribution of U K government bonds (Mullens & Co.). The ultimate merger will double Warburg's payroll to more than 2,000 and leave it in command of funds under management of $22.8 billion. Warburg is also the first British house to claim a seat on the Tokyo Stock Exchange, and the firm's chairman, David Scholey, is a director of the Bank of England.

The company's connection with Canada goes back to 1951, when it sponsored a Toronto-based investment vehicle called Triarch Corp., run by a lively and elegant mid-Atlantic character named Tony Griffin. It was the first British house to sponsor a Eurobond issue for a Canadian company (Hydro-Quebec in 1969) and has since



Darling: excellence and good friends

managed more than 200 Canadian borrowings. They have raised an astonishing $29 billion since then—though the Warburg name is hardly known outside the tight-mouthed circle of corporate treasurers. Customers have included six of the 10 Canadian provinces, several Crown corporations and 37 corporate clients, ranging from Calgary's Trizec Corp. Ltd. and Montreal's Credit Foncier to Genstar Corp. and the Hudson's Bay Company. Warburg has also acted as an adviser and fiscal strategist to such Canadian companies as Sceptre Resources Ltd., Harlequin Enterprises Ltd., Edper Investments Ltd., International Thomson Organisation Ltd. and Consolidated-Bathurst Inc.

Its latest assignment was to act as one of the investment firms advising the Mulroney government on how to privatize The de Havilland Aircraft of Canada Ltd., and it is continuing this function in the ongoing (and soon to be resolved) talks for the sale of Canadair Ltd. and Eldorado Nuclear Ltd.

The most interesting aspect of the firm's Canadian connection has been its long-term policy of accepting ambitious youngsters for training. At the moment, four young Canadians (David Macdonald, Ted Larkin, William Atkins and Michel Fortier) are employed in its international markets division. Three others (Elspeth Paterson-Smith, Geoffrey Barnard and James Donald) work in the investment management side, and Michael Tory is doing well in corporate finance. "They're not only excellent young people," says Peter Darling, one of the four men who run Warburg and himself a Canadian citizen, "but because we do a lot of business with Canada, we felt that when they go back and start rising in the business world, they will be friends of ours."

Darling is less sanguine about the prospects of the Canadian securities industry. "Canada," he maintains, "is increasingly inward-looking, and thus increasingly becoming an insular backwater. Let there be no mistake that the consequences of this attitude will be that trading in Canadian securities will gradually pass out of Canadian hands." The banker is especially upset about Canadian restrictions on foreign ownership of brokerage houses and the fact that pension funds here can only have 10 per cent of their assets in foreign securities.

As to the future of his own company, Darling is determined that no matter how large it grows, Warburg will maintain its unique character. "We will continue to work in unostentatious offices," he told me. "We will try to be a thinking rather than a mechanical organization and operate as a partnership rather than a hierarchy. While we may become more like Morgan Stanley, we will also be slightly different because we will continue to be a bank, which the Morgan Stanleys and Wood Gundys of the world are not."



High-society New Yorkers are taking a renewed interest in lavish debutante balls. And that development was welcomed by New York socialite **Cornelia Guest**, 22, who was named Deb of the Year by the *New York Post* in 1982, and later Deb of the Decade by *Life* magazine. Guest has just written a self-help book for debutantes, *The Debutante's Guide to Life*, to be published next month. It offers advice on how to eat quail and when to trade in Mary Jane shoes for silver pumps. Guest notes that a certain reality has intruded into the life of the modern deb. The proper way to approach a debutante party, she says, is to "put on a wonderful dress, dance all night and meet a lot of cute guys." But then, she adds, "you go out and work in the world with everybody else."



Guest: a deb's advice on how to eat quail and when to trade in Mary Janes

No Toronto Maple Leaf has won a major NHL award since **Dave Keon** captured the Conn Smythe Trophy as the most valuable player in the 1967 Stanley Cup playoffs. Now Leaf left-winger **Wendel Clark**, 19, is in the running for the Calder Trophy, the league's rookie-of-the-year award—but he is cautious about his chances. Said Clark: "There's a lot of good hockey players in the league this year." Although pleased with the Leafs' recent unexpected three-game sweep of the Chicago Blackhawks in the Norris Division semifinal after a dismal season, Clark was anticipating a difficult series with the St. Louis Blues in the best-of-seven division final, which started last week. "It is going to be a hard-fought series." The Kelvington, Sask., native said that he had wanted to play hockey since he first put on skates at age 1½. Said Clark: "Hockey is first—and everything else seems second."



NEEMAN/WHEELER PICTURES

Lennon: daydreaming

When British rock musician **Julian Lennon**'s debut album, *Valotte*, appeared two years ago, he anticipated comparisons with his father, former Beatle **John Lennon**, who was murdered in 1980. Declared Lennon: "I just want people to judge the music without prejudice." Since then, *Valotte* has sold more than 200,000 copies in Canada, and Lennon, 23, has established himself as a star in his own right. He says now that he does not mind allusions to his famous father. In fact, he adds, he took the title of his new album, *The Secret Value of Daydreaming*, from a *Rolling Stone* article that suggested he and his father shared an ability for creative daydreaming. When asked what his father might have said about his decision to become a musician, Lennon said, "I think he'd say, 'Do it—but don't blame me.'"

Edmonton actor **Kenneth Welsh** says that he relishes his role as a milquetoast-type accountant in director **Mike Nichols**'s new Broadway comedy, *Social Security*. Declares Welsh, 44: "I have never been in anything that was quite such an audience pleaser." Of costar **Marlo Thomas**, 47, Welsh says, "She's a wonderfully generous, kind sort of person and quite serious-minded about her work." Welsh adds that Thomas's husband, talk-show host **Phil Donahue**, "is our biggest supporter. Every time he comes backstage, he says, 'You guys were *great* tonight!'" Welsh also has high praise for Nichols, who directed him in the movie *Heartburn*, scheduled for release in the summer, starring **Meryl Streep** and **Jack Nicholson**. "I play Meryl's gynecologist," says Welsh, noting with amusement. "She is expecting a baby this summer. She'll probably have to name it after me."

In the new Canadian movie comedy *Recruits*, Toronto actor **Sashe Alexander** has a weighty role: pedalling a tricycle, he challenges a motorcycle policeman to a drag race—and wins. But the Grade 2 North Preparatory Public School student, who turns 7 on May 31, complains, "There's just not enough good parts for 7-year-olds anymore." What he would really like to do is direct, he says, adding that child star-turned-director **Ron Howard** is one of his idols. Alexander, who has a short, greased-back haircut like rock star **Corey Hart** and a grin that some fans compare to **Clint Eastwood**'s, has admirers of his own. "All the older girls at school have crushes on him," says his mother, **Linda**. "The other day a 13-year-old girl asked him if he wanted to 'double' on *her* bike."

—Edited by MARY MCIVER

Alexander: short and greased back



LINDA MOORE DOGGY/CANAPRESS



PRINCE ANDREW/CANAPRESS/CAMERA PRESS

Queen Elizabeth at 60, eligible for free bus passes

Queen Elizabeth II celebrated her 60th birthday on April 21, an event that led to tongue-in-cheek commentaries in the British press. The *Sunday Mirror* pointed out that the Queen will now be eligible for free bus passes, dental work and National Health Service spectacles. As for the autumn years with **Prince Philip**, who turns 65 in June, the *Mirror* said: "They can have their own garden allotment, visits from a mobile library and meals on wheels."

The Queen customarily spends her birthday at her Sandringham home, getting acquainted with the newborn foals. But there were more formal plans for the milestone birthday: she was to start the day with family services at Windsor Castle's St. George's Chapel. Then, she planned to travel the 40 km to London to greet 6,000 schoolchildren who were to sing *The Queen's Birthday Song*, which includes lyrics such as "We saw your horse, of course, of course/We saw your hat, well fancy that." In the evening she was to attend a gala performance at the Covent Garden Opera House.

Princess Elizabeth Alexandra Mary Windsor was born by caesarean section at 2:40 a.m. on April 21, 1926. Nicknamed "Lilibet," Elizabeth was a child of methodical habits who often sparred with her more spontaneous younger sister, **Margaret**. Former governess **Marion Crawford** wrote in her 1950 book, *The Little Princesses*, that "Lilibet was quick with her left hook," although she grew up a reserved young woman. But her life has been filled with colorful moments: her fairy-tale wedding in 1947 to dashing Lieut. **Philip Mountbatten**, her dramatic ascendancy to the throne after the death of her father, **King George** VI, in 1952, her spectacular coronation in 1953, and the births of her four children. At Buckingham Palace officials say that Queen Elizabeth is thrilled with the birthday portraits taken by second son, **Prince Andrew**, 26.



Coronation: 'we saw your hat, well fancy that'

In private life, the Queen is an avid horsewoman and dog fancier who enjoys watching TV. A gently ironic sense of humor was evident in her comment after being splattered by eggs during her recent tour of New Zealand: "I prefer my New Zealand eggs for breakfast." She takes little interest in fashion, and critics have often accused her of presenting a dowdy image. As *The Times* of London pointed out last week, "Elizabeth's style is to have no style."

Statesmen and court officials have learned that when the Queen's mind is made up, it is difficult to change. A London newspaper once described her as "a lily cast in steel." But her countrymen hold her in affection and esteem. As former Beatle **Paul McCartney** put it after he met her in 1965, "She was just like a mum."



Charles, Edward, Elizabeth, Philip, Andrew and Anne in 1972 portraits



Falsa Creek sitai a royal visit, Egyptian treasuraa and a dazzling party

CITIES

The countdown to Expo

On the northern sbore of Vancouver's False Creek last week, workere were busy preparing Ontario's $25-million pavilion for the May 2 opening of Expo 86, a world's fair dedicated to transportation and communications. And the same purposeful activity continued inside the othar 62 pavilions on the 173-acre site. Although construction is complated, work crews attended to such last-minute detells as installing light fixtures, laying carpet and erecting movie screens. Elsewhere, newly hired service workers received instructiona in tasks ranging from operating walkie-talkies to cooking hamburgere. Despite the apparent chaos within the pavilions, Expo organizers insisted that they would meet the May 2 deadline. Said Astrid Janson, a theatrical designer in charge of such Ontario pavilion features as a startlingly realistic recreation of Niagara Falls. "We'll be ready. I've never missed an opening night yet."

But elsventh-hour Expo frenzy extended beyond the exhibition grounds. In a temporary, harborfront office, federal protocol officere from the secretary of stete's department have been constantly revising a 69-page program as they prepared for the week-long visit of Prince Cherles and Diana, Princess of Wales. And as Ottawa's bureaucrate readied a royal welcoma for their April 30 arrival in Victoria, B.C., government officials suspended plans for a first ministere' meeting to discuss the provinces' role in free trade talks between the United Stetes and Canada. At week's end, there appeared to be little chance that the conference would take place. Mulroney will be in Vancouver for Expo's opening ceremonies but he has reduced a planned three-day visit by ons day, virtually ruling out a meeting with the premiers.

After almost eight years in the planning and construction phases, and after sometimes heated public debate over a deficit that could reach $400 million, Expo 86 is a smash hit at the box office. Indeed, fair organizera announced last week that the fair had sold more tickets before opening day than any othar world's fair—13 million visits—and the final total could reach 20 million visits by the time tha exhibition closes in October. Becausa tha site can hold only 200,000 visitora at any given time, organizers may have to teke strict measures. Said Expo 86 Corp president Jimmy Pattison: "If it gete too crowded, we'll shut the gatea."

Along with tourists, Vancouver authorities also are preparing for an influx of prostitutes from across Canada and the western seaboard of the United States—and local prostitutes are already referring to their territory as "Sexpo." Police last week said that the number of prostitutes working Vancouver's downtown cora had increased dramatically since January. And fair organizere may have done too good a job of selling Expo—with the result that many potential visitore believe that there are no hotel rooms available in the lower Mainland Vancouver's major downtown hotels are almost fully booked during the peak months of June, July and August. Still, representatives of 41 hotels in the area announced last week that there were still rooms available within a 90-minute drive of the city for visitore who wished to attend the opening.

Even the newly built $100-million Pan Pacific hotel—the royal residence during the couple's stay in British Columbia—has rooms available. Prince Charles and Diana, Princess of Wales, will occupy one of the hotel's luxury suites. They cost $1,000 per night, and some include a grand piano, a wet bar, a sauna—and a panoramic view of the mountains. But British officials chose the hotel over four other competitors largely because they believe that easily controlled access to the harborfront location means fewer security risks.

Security also was a concern at Expo's own Ramses II pavilion. There, 67 Egyptian artifacts from the reign of a pharoah who ruled from 1290 to 1224 BC—including golden jewelry and a water clock operating on the same principles as an hour glass—will bedazzle fairgoers. The treasures arrived on the site without fanfare two weeks ago and will be under the protection of several security guards—and a $35-million insurance policy against theft and damage—during their stay in Vancouver. But with the othsr Expo attractions, thsy will form part of the city's 100th birthday party. And with the fair seemingly bound for success, the prospect of the $400-million hangover that may follow the party has been almost forgotten.

—JANE O'HARA in Vancouver

ANYTHING YOU CAN MAKE, WE CAN MAKE LIGHTER.



MIRACLE WHIP* LIGHT

*TM of KRAFT LIMITED ©1986 Kraft Limited

The Essential Skyline Manager.

He's the Champion of Can Do. King of Compleat Conventions. Master of a Million Little Services. Maestro of Marvellous Meetings. He's your perfect host at our Skyline hotels in Toronto, Ottawa and Calgary. From gorgeous honeymoon suites to grand executive towers, you'll find him at your service. At the gallop!
Come see the world he's created. At the Skylines!



SKYLINE HOTELS

Welcome to Our World

Call Toll Free in Canada and the U.S. ☎ 1-800-268-1332

THE SKYLINE CALGARY • THE SKYLINE TORONTO AIRPORT • THE SKYLINE TRIUMPH TORONTO • THE SKYLINE OTTAWA

YORK-HANNOVER HOTELS LTD

TRANSPORTATION

Reviewing a rail tragedy

With his voice cracking, 33-year-old conductor Wayne Smith said he thought everything was normal barely moments before a CN Rail freight train slammed into an eastbound Via Rail passenger train in Alberta on Feb. 8, killing 23 people—but CN lawyer Anthony Lennon insisted that Smith disobeyed a railway rule by failing to stop the train once he had lost radio contact with the engineer. And the sole survivor of the three-man freight crew had to endure the ordeal of testifying for three days before Mr. Justice René Foisy's inquiry into the crash 18 km east of Hinton. In a makeshift courtroom on the 12th floor of Edmonton's Royal Trust Tower, the sandy-haired conductor testified that he last contacted his engineer by radio from the caboose for confirmation of a signal at Mile 159.5 but was unable to reach the engineer for another check at Mile 169, four miles before the crash. When Lennon asked Smith why he did not pull the emergency brake, a procedure that the CN operating manual stipulates, the conductor softly replied, "I made a decision in my mind that everything was normal."

Smith's appearance was a highlight of the hearings that have already heard from more than two dozen witnesses and filled 3,000 pages of transcript with testimony since it began on March 24. Before a hushed crowd of about 170, Smith said that he had only been speculating when he told RCMP officers that engineer John Hudson and trainman Mark Edwards might have been asleep when the two trains met head on, on the main line. While Smith nervously daubed his hands with a white handkerchief, Lennon repeatedly asked him why he did not pull the emergency air brake. But another witness, Herbert Timpe, the 61-year-old assistant conductor aboard the Via passenger train, testified that on several occasions he had lost radio contact with the front end of his trains—and had never pulled the emergency brake. Declared Timpe: "I always have faith in my engineer."



PHOTO: THE EDMONTON SUN

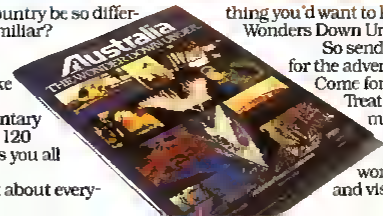
Smith, lost contact and broken rules

For Smith, the most difficult period in the witness box occurred when CN lawyer Lennon relentlessly cross-examined the stammering and nervous conductor, pressing him to explain why he did not pull the brake. Smith's reply: "It didn't occur to me to pull the air [brake] then." Indeed, Lennon's questioning was so intense that when the hearing resumed for Smith's third day of testimony, the lawyer apologized to Smith for his earlier conduct.

Still, Smith—who jumped off the moving caboose seconds after the en-



How can one country be so different and yet feel so familiar?
Nature makes ustralia different nd Australians make ustralia friendly
This complimentary Wonder Book" with 120 ict-filled pages gives you all ie answers.
It contains just about everything you'd want to know about the Wonders Down Under
So send for it, and come for the adventure
Come for the fabulous cities
Treat your body to marvellous food and excellent wines.
And your soul to world-class performing and visual arts.



Come for the warm, wonderful weather. And for the rich, golden suntan.
All for much less than you'd expect. And it's less than a day away.
Australia. What a difference a day makes

Australia
Please write to Australian Tourist Commission, Distribution Centre 510 Front St W Toronto Ont M5V 1B6

gines exploded in a massive fireball—and his railway career have been closely scrutinized during the inquiry. In 12 years with CN, the conductor has received praise for his work, demerits for booking off sick without approval and a reprimand for not calling in signals properly on the radio. As well, Smith acknowledged that he had been forced to rewrite several two-year mandatory examinations on regulations for conductors. And until the investigation ends, Smith will not be allowed to return to work. But CN vice-president Ross Walker insisted that Smith had not been suspended without pay. Said Walker: "He is being held out of service, pending investigations."

Michael Church, the lawyer acting for the Cleveland-based United Transportation Union that represents railway engineers, conductors and firemen, told the inquiry that the CN rule—that trains be stopped when radio contact is lost "when practicable"—was open to interpretation. He argued that CN safety inspectors frequently tell trainees that "when practicable" setually means that they should only halt the train "as a last resort because of possible damage to the train by derailment." And at week's end, CN engineer Brian Nesbitt testified that less than an hour before the crash he had watched Hudson perform the difficult task of fitting his 114-car freight train onto a siding west of Edmonton. But less than an hour later the doomed engineer's train roared through a red light at 80 km/h, leaving another siding to enter the main track and collide with the onrushing passenger train.



Hinton fatal accidant site: 'I made a decision that everything was normal'

In weeks to come, the inquiry is due to hear more testimony from eyewitnesses—particularly when it shifts to Jasper, only 100 km from the accident site, for a week of hearings beginning on May 20. At that time, pathologists will provide the crucial medical evidence that should disclose details about the engineer's health—and whether drugs or alcohol were factors in the crash. Such evidence may help CN officials improve their safety procedures—and shift attention from the only freight crew member who survived the tragedy.

—KEVIN SCANLON with KERRY DIOTTE in Edmonton and correspondents' reports

THE PENS WOMEN ARE WEARING THIS YEAR

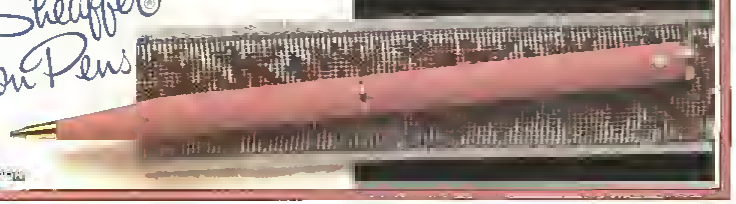
Lady Sheaffer Fashion Ballpoints are more than fine writing instruments, they're fashion accessories.

Matte-finished, clipless, and highlighted in gold electroplated accents, each comes with a unique designer pen pouch in a beautifully contemporary gift box.

Choose from Tea Rose, Dove Grey, French Blue, Burgundy, Ivory and Dusty Rose



Lady Sheaffer® Fashion Pens



SHEAFFER PEN [illegible]



MY LIPS ARE HEALED.

LIPACTIN™ GEL. IT ACTUALLY SHORTENS YOUR COLD SORE SUFFERING.*

There is no cure for cold sores. But now there is a product that reduces the amount of time you have to endure them. Lipactin Gel. Lipactin Gel is medicine, clinically proven to increase a cold sore's rate of healing. As soon as you get that tingling sensation that signals another outbreak, apply Lipactin Gel. It can cut days off cold sore suffering. Lipactin Gel. The first non-prescription medicine that actually helps to heal your cold sores, not just cover them up.



*In clinical testing, 83% of patients using Lipactin Gel were completely healed within 7 days compared to 26% with placebo

Lipactin is a trademark of Ciba Geigy Canada Ltd.



Lindsay dropping outdated laws against witchcraft and drilling privats armiss

JUSTICE

Reforming the law book

At twilight on June 13, 1833, in a wet field on the outskirts of Perth, Ont., 20-year-old John Wilson raised a pistol and shot his 19-year-old friend and fellow law student, Robert Lyon, to death. Now, more than 150 years after that last known fatality in a Canadian duel, the Law Reform Commission of Canada will recommend dropping Criminal Code Section 72, which calls for a two-year prison term for convicted duelists. And as part of a review ordered by the federal department of justice in 1979, the commission will recommend cutting other anachronistic and unused laws—including fraudulently practising witchcraft and unlawfully drilling private armies—from the 772 sections of the federal code. Said Earl Levy, president of the Toronto-based Criminal Lawyers' Association: "Historically, the law has always been behind reality. It takes time to catch up."

Indeed, the current Criminal Code is based on a British model that the Canadian government adopted in 1892. Until then, English law applied to residents such as Wilson, who was acquitted of a charge of murder and later went on to become a member of Parliament and a Supreme Court of Ontario justice. And despite the dramatic social, technological and economic changes that have occurred since then, the code has never been fundamentally overhauled. To be sure, Parliament adds new laws and amendments every year to cover areas of concern unknown in 1892—among them aircraft hijackings and the theft of computer data. Said Levy: "We are all anxious to see the law simplified. Hopefully it will be more in tune with what's happening today."

To that end, the Law Reform Commission—a five-member independent body—started its exhaustive review by seeking advice and information from those most familiar with Canada's cumbersome code—police chiefs, criminal lawyers, law professors, judges and citizens. And according to commission president and Supreme Court of Ontario Justice Allen Linden, the number of sections in the code may be halved as a result. Indeed, duelling is adequately covered by laws governing restricted weapons, assaults and homicides. And while the code currently deals with the theft of lumber, cattle and other forms of property in separate sections, Linden said the new code should contain a single, all-encompassing "thou shall not steal" section.

The commission plans to submit the new code in two installments—October and December—to Parliament. And Linden hopes that Parliament will adopt a complete made-in-Canada code by 1992—the 100th anniversary of the original statute. Said Linden: "We think it is an important step in establishing a Canadian identity. Next to a charter or ronstitution, criminal law says a lot about its people."

—BRIAN JEFFREY STREET in Toronto

MEDICINE

An old cure fights AIDS

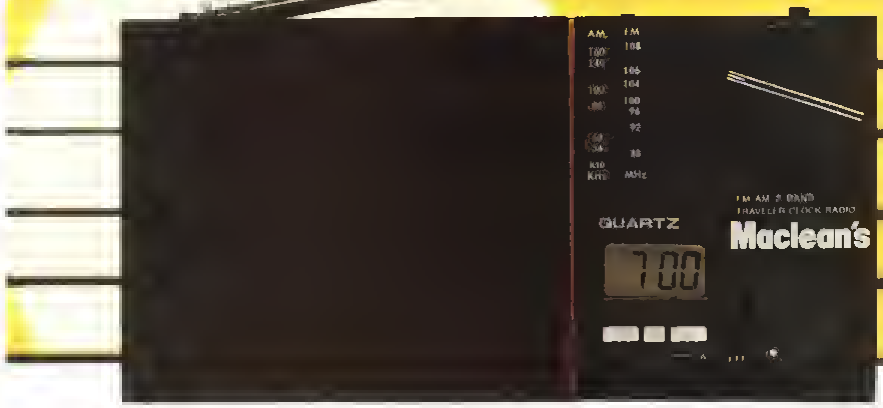
Acquired Immune Deficiency Syndrome (AIDS) has rapidly become one of the most frightening contagious diseases of the 20th century. Indeed, AIDS has claimed the lives of an estimated 20,000 victims around the world since 1980—including 9,000 Americans and 257 Canadians. That rising toll has intensified research on a disease that destroys vital antibodies and leaves the body's immune system incapable of fighting infection. And now, two American research groups have reported that a variation of a vaccine used in the 18th century to fight smallpox could become the first effective inoculation against AIDS. To that end, the U.S. scientists have modified the smallpox fighter, vaccinia virus, to carry a key gene of the AIDS virus. They chose vaccinia virus because it is the only substance to have eradicated a deadly human virus—smallpox, which finally disappeared in 1979. Now, some scientists hope that tests might produce a similarly effective AIDS vaccine within several years.

Independent research at the National Institutes of Health (NIH) in Bethesda, Md., and Genetic Systems Inc., a Seattle-based biotechnology firm, during the past year produced the potential vaccine against AIDS. In the April 10 edition of the British scientific journal *Nature*, the teams described how they had inserted genetic material from disease-carrying viruses into the vaccinia virus to stimulate the development of antibodies. Indeed, laboratory mice injected with modified vaccinia virus developed antibodies against the AIDS virus. But no one knows if the vaccine will prevent AIDS in humans, because the disease does not exist in mice.

And Dr. Edwin Kilbourne, chairman of microbiology at New York City's Mount Sinai School of Medicine, said that there are potential problems with the vaccine. The most serious: it might overpower a weakened immune system and kill someone who had an undiagnosed case of AIDS. Still, researchers acknowledge that they will eventually need such high-risk volunteers as male homosexuals to test the vaccines. Otherwise, potential weapons against AIDS may remain in the laboratory while the disease claims new victims.

—NORA UNDERWOOD in Toronto

Stay in-tune with the times!



Actual size only 3" x 5½"

Get Maclean's at 57% off* and this AM/FM Travel Clock-Radio FREE!



MUSIC TO YOUR EARS! Subscribe to Maclean's at *57% off* the newsstand price and get this handsome travel clock-radio FREE!

Perfect for people on the go, this compact quartz clock-radio is tailor-made for travelling. Lightweight and easy to pack (at just a little over 3" x 5"!), it's a high fidelity two-band radio **and** an LCD clock that wakes you with a sonic alarm.

In today's fast-changing, often confusing and increasingly dangerous world, you can't afford to miss a single issue of Maclean's **complete, accurate** and **reliable** news coverage. Week after week, Maclean's examines the impact of Canadian and international news events—approaching the news from a uniquely *Canadian* perspective.

NOW HEAR THIS! When you subscribe to Canada's Weekly Newsmagazine at **less than half-price**, you get your personal portable **AM/FM Travel Clock-Radio FREE!**

This is one of the most versatile gifts we've ever offered, with sleek space-age styling... full time/day/date functions... telescopic antenna... headphone jack... AC adapter cap...collapsible stand and handy belt clip. It comes complete with full instructions and a one-year warranty.

THIS OFFER SOUNDS GREAT! Best of all, this new Travel Clock-Radio is *yours free* with your paid subscription to Maclean's—*Canada's world-class newsweekly!* So complete and mail your order today.

GET A WORLD OF NEWS AT LESS THAN HALF-PRICE...AND A WORLD OF PERSONAL, PORTABLE SOUND FREE!

Mail to: Maclean's, Box 4040 Station A, Willowdale, Ont. M2N 6A7

FREE AM/FM TRAVEL CLOCK-RADIO with Maclean's at 57% off!*

☐ Bill me $39 for 52 issues. Send Radio when I pay

☐ PRIORITY SERVICE! I enclose $39— send Radio a.s.a.p.!

Mr. Mrs. Miss Ms. First Name Last Name

Address Apt.

City Prov. Postal Code

LONGER TERM SAVINGS!

☐ Bill me $78 for 104 issues. Send Radio when I pay

☐ PRIORITY SERVICE! I enclose $78— send Radio a.s.a.p.!

*Our low basic rate saves you 57% off the cover price!

ST4E7 Offer valid in Canada only PR30



CANADA'S NEWS MAGAZINE

Maclean's

SECOND NATIONAL PHOTO CONTEST

In celebration of the 150th anniversary of Canada's first train service Maclean's 1986 Photo contest is devoted to the theme of **railways**.

GRAND PRIZE

A trip for two from anywhere in Canada to Vancouver on **VIA RAIL CANADA**, including a three-day pass to EXPO 86, three nights hotel accommodation and a VIP tour of VIA RAIL's EXPO 86 Sesquicentennial exhibit. Value $2,500 approx. (Must be used Sept. 3/86 to Oct. 1/86)

RUNNERS UP

10 runners up will be awarded VIA RAIL Resqu centennial kits including an engineer's cap, whistle, coffee mug, T-shirt, brochure on Canada's first railway, color print of Canada's first locomotive, the Dorchester, and a Sesquicentennial pin. Value $60 each.

HONORABLE MENTIONS

10 honorable mentions will be awarded **Railway Country-Across Canada by Train**, written by Brian D. Johnson with photographs by Dudley Witney. Published by Key Porter Books. Value $39.95 each.

A total of 21 prizes will be awarded.

Photographs will be judged by Dudley Witney and Maclean's editors. Judges will choose one Grand Prize winner, 10 Runners up and 10 Honorable Mentions.

CONTEST RULES

1. Photographs must be on the theme of railways.
2. Photographs may be black & white or color and should be at least five by seven inches, unmounted. On the back of each photograph entered you must print your name and address.
3. Color slides may be either 35mm or 2¼ x 2¼ inches. Entrants name and address must appear on each slide.
4. All entries must be received by midnight June 10, 1986 and must be accompanied by an official entry form or facsimile thereof.
5. Entries will not be returned. All winning entrants agree that Maclean's will have the sole right to use the winning photographs for promotion purposes without compensation.
6. Entrants guarantee that photographs submitted have not been previously published and are not subject to any copyright other than the entrants. Signed releases must be available for photographs showing recognizable person(s).
7. The names of winners will be published in the July 21 issue of Maclean's.
8. Photographs must have been taken in 1986.
9. Contest is open to Canadian residents only.
10. Contest is open to amateur photographers only. Employees of Maclean Hunter and their families, employees of Via Rail Canada and their families and employees of Key-Porter Books and their families are not eligible.
11. Judges' decision is final. Prizes must be accepted as awarded.
12. Entries must be mailed to Maclean's Photo Contest, 777 Bay Street, Toronto, Ontario, M5W 1A7.

Maclean's accepts no liability for loss or damage of entries.

KEY PORTER BOOKS

1836 1986



McKENNA/CP

Maple Leafs celebrating. It is left to the Edmonton Oilers to save the show.

SPORTS

The NHL's new script

Hollywood scriptwriters would likely call it the *Revenge of the Nerds*. The National Hockey League calls it the Stanley Cup playoffs. Either way, the seven-month NHL regular season proved to be a misleading preview to the feature presentation. From October to April the talented and popular prevailed. But then, with all but five of the NHL's 21 teams in the first playoff round, the league's script was rewritten. Three of the best teams were eliminated from the spring showcase—which will run until late May—and a group of extras that barely survived the season has stayed in the spotlight. It is now left to the Edmonton Oilers to save the show.

The rewriting began in the playoffs' opening rounds. In the Adams Division, the Hartford Whalers dispatched the division-champion Quebec Nordiques. In the lacklustre Norris Division, where the first-place Chicago Blackhawks finished with 39 wins and 33 losses, the Toronto Maple Leafs—winners of just 25 of 80 regular season games—defeated Chicago. In the other Norris series, the St. Louis Blues upset the Minnesota North Stars. And in the Patrick Division, the league's second-best team—the Philadelphia Flyers—lost to the league's 14th-best team, the New York Rangers. During the regular season the Flyers won 53 times, just three fewer than the defending Cup champion Oilers, while the Rangers won only 36 games. As New York coach Ted Sator said, "This was a victory against all odds."

Indeed, the only contests following the original script involved the Oilers, Montreal Canadiens, Calgary Flames and Washington Capitals. They advanced to the second round after enduring halfhearted attempts at scene-stealing. Still, it appeared that the best the survivors could hope for was a supporting role at the Oilers' third consecutive Cup celebration.

Edmonton laid the groundwork with 56 season victories and only 17 losses as the incomparable Wayne Gretzky, holder of 40 NHL scoring records, collected 52 goals and 163 assists. Gretzky's assists alone would have given him the scoring title by 22 points. And skating with Gretzky are Paul Coffey—whose 48 goals is the new standard for defencemen—and forward Jari Kurri, who led the league with 68 goals. There are various theories about how to stop the challengers. "Get them out of their patterns" (Al Arbour, New York Islander coach). "Prevent Gretzky from cutting across the blue line" (Jack Birch, New York Rangers assistant coach). "Slow them down by hitting them" (Washington forward Mike Gartner) and "Play a controlled, disciplined game" (Cliff Fletcher, Calgary general manager). It has all been tried before, and by the end of May it will be tried again. But the final scene calls for the Oilers to claim their revenge on the nerds.

—HAL QUINN in Toronto

No trivial pursuit

How many children in the Third World died before the age of five this year?

Over half!

If you answered the question above correctly, you won't be the winner in any game of skill. But you will be the wiser in the ways of the world ... the developing world, where poverty is a killer, and children are the victims. Right now, in barrios, and villages across the shadows of the Third World, children are battling poverty's henchmen ... malnutrition, sickness, illiteracy and despair. There is no trivial pursuit, but a life and death struggle in the true sense of the phrase.

You can make the difference – through Foster Parents Plan. Your monthly contribution makes our programs of medical care, education and community development possible. We ... the children ... need you today. Please complete the coupon below.



We at Foster Parents Plan are proud of the handling of our funds. 88.2% of all contributions goes directly toward child and family material aid and services, with 6.4% used for administration costs, and 5.4% for promotion. We are non-profit, non-sectarian and non-political and we are officially registered as a Canadian Charitable Organization by the Federal Government (Reg. No. 0249896-09-13). Complete financial statements are available on request.

CALL TOLL-FREE ANYTIME 1-(800)-268-7174
Information will be sent immediately

PLAN FOSTER PARENTS PLAN OF CANADA
(An international human development agency)
153 ST. CLAIR AVENUE WEST, TORONTO, CANADA M4V 1P8

I want to be a Foster Parent of a boy ☐ girl ☐ age _____
country _____ or where the need is greatest ☐
I enclose my first payment of $23.00 Monthly ☐ $69.00 Quarterly ☐
$138.00 Semi Annually ☐ $276.00 Annually ☐
I can't become a Foster Parent right now. However, I enclose my contribution of $_____. Please send me more information ☐ Tel. No. _____
Mr. ☐ Mrs. ☐ Miss ☐ _____
Address _____
City _____ Prov. _____ Code _____
I wish communication with PLAN to be in English ☐ French ☐

PLAN operates in Bolivia, Burkina Faso (formerly Upper Volta), Colombia, Ecuador, Egypt, El Salvador, Guatemala, Haiti, Honduras, India, Indonesia, Kenya, Liberia, Mali, Nepal, the Philippines, Senegal, Sierra Leone, Sri Lanka, the Sudan and Thailand. Foster Parents Plan of Canada is officially registered as a Canadian Charitable Organization by the federal government. Contributions are tax deductible. MA622 042886

10/16 85



Finally, a properly designed pillow - sore neck or not!

"The Shape of Sleep"™ neck support pillow certainly is different - and its that way by design.

Traditional pillows simply don't do the job health professionals now agree is extremely important - that is, support the neck during sleep. The bad results include morning sore neck; later, more serious trouble can and does develop.



Supported Neck with The Shape of Sleep | Unsupported Neck with Traditional Pillow

Whether you suffer from a sore neck or not, "The Shape of Sleep"™ offers real comfort - also by design

The secret is the patented UNDERCUT NECK RIDGE - a simple yet brilliant development by two Canadians which has already helped hundreds of thousands all over North America. Many happy discoverers of "The Shape of Sleep"™ have said so - eloquently.

This marvelous pillow is by far the most effective, so we urge you to ask for it by name - nothing else gives such effective, reliable support, combined with solid comfort. Available at major department stores or write for prompt full information to:

"The Shape of Sleep" Dept 14
302 Homer Avenue, Toronto,
Ontario M8W 1Z3
(416) 259 8494

the Shape of Sleep

NECK SUPPORT PILLOW

Also ask about the new "Back Shape" for sitting in comfort everywhere!

The Golden Bear awakens

The site was the Augusta National Golf Club in Augusta, Ga., an azalea- and magnolia-enhanced celebration of spring and renewal. It was a familiar setting for Jack Nicklaus. He first won the coveted green jacket awarded to the Masters' winner in 1963 as a brash, rotund 23-year-old in his second season on the Professional Golfers' Association (PGA) Tour. On Sunday, April 13, the 46-year-old Nicklaus, recognized as perhaps the best to ever play the game, again walked Augusta's verdant fairways. He began the day three strokes behind the leader, walking with his 24-year-old son, Jackie, who carried his clubs, knowing that he had not won on the pro tour for more than two years and had not won a major tournament in six. But starting at the ninth hole last Sunday, the autumn of Jack Nicklaus's career turned once again to spring. To the delight of his fans throughout the world, he won the 50th Masters, a record sixth jacket and $144,000 with a one-stroke victory.



Nicklaus, the best the game has known

Nicklaus earned the nickname "The Golden Bear" in the 1960s. As no man before him—not Bobby Jones, Walter Hagen, Gene Sarazen, Ben Hogan or Arnold Palmer—he dominated. In 1961 Nicklaus won his second U.S. amateur title and, after turning professional, from 1962 to 1980 won 17 "major" tournaments—five Masters, five PGA Championships, four U.S. Opens, three British Opens and 69 other professional tournaments. But after winning both the U.S. Open and the PGA championship in 1980, the Bear fell silent. His drives were shorter, his putts only near—not in—the cup. At last year's U.S. Open, a reporter asked Nicklaus if he were finished. From the back of the press room, veteran golfer Lee Trevino shouted a prophetic warning: "Don't wake up the Bear. Let him sleep." Nicklaus woke up last Sunday.

Nicklaus began his charge with a birdie at the ninth hole, leaving him four strokes back of Seve Ballesteros, 29. But then Nicklaus birdied holes 10, 11 and 13. On the 15th he turned to son Jackie and asked, "Wouldn't a three look good here?" Moments later he sank his eagle three putt. His tee shot on the par three 16th barely missed the hole. He tapped it in for another birdie. Then he birdied 17 to go nine under par and into the lead. After his drive on 18, Nicklaus had one last fairway to walk—with the gallery cheering every step. Said Nicklaus later: "Going up that fairway, I had tears in my eyes." He parred the 18th, raised his arms in his old, familiar sign of triumph, smiled and hugged his son. His challengers—Ballesteros, Tom Kite and Greg Norman—faltered. The Bear was back.

Said Nicklaus, "I kept reading that you can't win the Masters at age 46. But I did it." Nicklaus, both the youngest and the oldest player ever to win the Masters, is not ready for another extended hibernation. This week he was scheduled to compete in the Houston Open. And Nicklaus said he is looking forward to playing in the U.S. and Canadian Opens in June and the British Open in July. He will walk those fairways knowing that he is the best the game has ever known.

—HAL QUINN with correspondents' reports

Truly successful people don't think quite the same way everyone else does. Now they can have their own kind of broker.

PEOPLE WHO ACHIEVE things in this world are not all, as you might expect, daring risk-takers.

Most are pragmatic planners who appear to be taking bold steps, but in fact have left very little to chance.

One thing is common to them all: while they all had a vision of their goal, their 'dream', it was attained only by forcing themselves to be firmly realistic – to deal with things not as they appear to be, but the way they actually are.

42nd Street believes this attitude is the key to financial success no matter who you are.

42ND STREET
THE NETWORK

And what sets us apart is that we are a group of brokers who apply this totally realistic view to the way in which money gets made in the stock market today.

To begin with, we don't 'play' the market, but instead deal realistically with goals, expectations and risk. And, we frankly don't believe that it's realistic to assume that one broker can know all there is to know about the financial markets.

That's why we've hand-picked a small group of individuals notable for their successes, not only in money management, but in other fields of business and finance as well. Chartered accountants, tax specialists, a corporate financier, a financial analyst (to name a few), whose objectivity and outlook is unique in the financial world.

But these aren't the only qualifications that make them special. They're also refreshingly open, friendly and approachable.

So while the ultimate goal of any investment program should be preservation of capital with an adequate return – depending on risk – at 42nd Street, 'risk' takes on a somewhat different personality.

No longer something to be feared, it can be made to work for you, not against you.

The end result is that 42nd Street offers an avenue to financial success that ranks as the most personal and positive anywhere.

We invite all investors who share a realistic view to their financial future to contact us by phone or via the coupon below.

You see, we believe another hallmark of the truly successful (or those who would be so) is that they never wait – but act. We expect to hear from you soon.

WOOD GUNDY

Yes, I'd like to hear more about 42nd Street. Please send me your information package.

Name

Address *City*

Postal Code *Phone*

Mail to: Wood Gundy Inc., 42nd Street, P.O. Box 274, Royal Trust Tower, Toronto Dominion Centre, Toronto M5K 1M7
Attn: T.I. Miller/Manager Tel. 869-8242

42ND STREET THE NETWORK

A better avenue to financial success.

Secrets of a microwave

In an age of high-tech computers, chemists are still relying on such simple equipment as glass beakers, gas burners and electric heaters to conduct routine sample analysis and chemical synthesis, which are critical to industrial research and classroom teaching. But boiling chemicals at atmospheric pressure to achieve reaction often takes hours. As a result, three chemistry professors in Sudbury, Ont., are perfecting a technique which drastically reduces the time needed for chemical reactions. The key element in their program: an ordinary household microwave oven which enables compounds to form up to 1,000 times faster than conventional methods. Declared Laurentian University professor Frank Smith: "One reaction that normally took 16 hours only took one minute in the microwave."



MARK LOCHIE

Westaway, Smith, Gedye: explosions, special containsrs

The ovens use high-level electromagnetic radiation waves to agitate the molecules in food—causing chicken dinners or cakes to cook evenly. In 1982 Smith and John Bozic, the supervisor of analytical laboratories at the INCO Ltd. operation in Sudbury, used a microwave oven to heat ground rock specimens suspended in an acid solution. Their purpose: to dissolve the rock and get a quick reading on the mineral content of ore bodies likely to contain platinum and gold.

Now, Smith and two Laurentian colleagues, Kenneth Westaway and Richard Gedye, have developed a technique they predict will make all chemical labs more efficient. And the microwave ovens take up less space than conventional lab burners, which require fume hoods to disperse the vapors produced during boiling.

The three university chemists first place chemical solutions in a small, cylindrical container, tightly sealing the vessel with a screw cap before heating it in the oven. The researchers switched to containers made from an improved Teflon, the tough plastic developed in 1944, when they discovered that the high pressures generated during heating caused ordinary Teflon lab containers to explode—accidents which destroyed one oven and damaged two others.

The oven itself needs no special features, and the Laurentian researchers are currently using a Toshiba model ER 8000 BTC which they bought for $395 when it was on sale last September at a local department store. Declared Westaway: "The advantage of all this is that it's so darn simple." Indeed, John Labrecque, the laboratory supervisor at Kidd Creek Mines Ltd., a company which has gold mines in Timmins, 225 km northwest of Sudbury, has already improved the process, using a robot in one four-foot-by-eight-foot, computer-driven work station. The robot arm is programmed to select, fill and weigh a vessel, put on a screw cap, place it in a microwave oven and remove the heated sample.

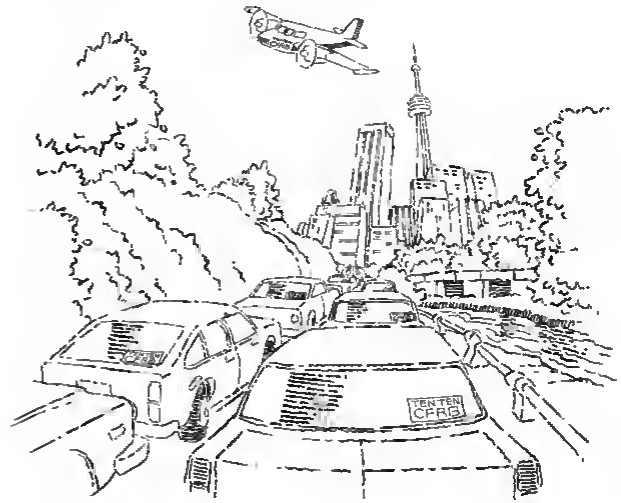
Other mining companies, including INCO, which are still using the microwave ovens to analyse ore samples, are watching Kidd Creek's pioneering work with interest. And after the Laurentian chemists published their findings in the British chemistry journal *Tetrahedron Letters* last February, they received hundreds of inquiries from chemists interested in using the technique themselves. As a result, the versatile ovens which have speeded up cooking times in millions of households for the past two decades may also make a dramatic contribution to scientific research—and provide an unexpected addition to the more than $350 million worth of microwave ovens sold in Canada each year.

—BRIAN JEFFREY STREET in Toronto



LISTEN TO TORONTO

YOUR INFORMATION SOURCE.



If getting around Toronto is getting you down, start getting UP with Wally Crouter on TEN TEN CFRB.

The Wally Crouter Show 5:30 to 10:00 am has all the information you need to get UP and get GOING in the morning! Authoritative News at 6:7 and 8 with David Craig and MORE Charles Doering at 6:30, 7:30 and 8:30 with news and comment keep you informed and on top of the world around you. The Wally Crouter Show has complete detailed weather INFORMATION with CFRB's Meteorologist Peter Coade so you can plan your day properly and Henry Shannon delivers consistent, capable and correct traffic information from the CFRB Twin Comanche aircraft—so you can get from point A to point B as smoothly as possible. Andy Barrie has a special comment each morning right after the 8 o'clock news—insights and opinions you can look forward to.

Keeping score is easy with Toronto's number one sports personality Bill Stephenson at 6:55, 7:25, 7:55 and 8:25 as well as SportsTalk with the masters of morning repartee Wally and Bill—always fun whether you agree or disagree.

At 7:45 we make it our business to give you business news and views with David Tafler, Editor of the Financial Times.

And with all our INFORMATION we have MUSIC too! Wally keeps you up and at'em with just the right blend of contemporary music and old favorites. The Wally Crouter Show weekdays on TEN TEN CFRB—your INFORMATION SOURCE. Don't Leave Home Without It!

Listen to Toronto

TEN·TEN CFRB AM RADIO

CONSUMERISM

A Yukon quest for banks

Once a month 200 employees of a silver mine in the central Yukon community of Elsa add a Saturday shift to their five-day workweek—an arrangement which allows them to drive 425 km south to Whitehorse the following Friday to do their banking. Their experience is not unique. apart from five banks in the capital, there are only two other bank branches—in Dawson and Watson Lake—serving the Territory's 25,000 residents. But Territorial government leader Antony Penikett says that he is determined to reduce long-distance banking. To that end, he is asking all Canadian financial institutions to submit proposals showing how they can serve his 11-month-old New Democratic government—and the 14 Yukon communities without bank branches. Said Penikett: "The current situation in the communities cannot be allowed to continue."

Until September, 1982, the 400 residents of Elsa used a local Royal Bank branch. But the bank closed one month after United Keno Hill Mines Limited shut down its silver mine for a year. And the high costs of establishing a branch have led banking officials to conclude that expansion in the Yukon is too expensive. Said Neil Mackie, manager of the Royal's Whitehorse branch: "The cost of computer equipment is a real stumbling block. All new banks are fully automated, and that's the only way it could be done in Elsa." The Canadian Imperial Bank of Commerce wants to retain a contract with the Territorial government it has held since a forerunner opened a Dawson City branch during the 1898 gold rush. Still, declared Edwin Stratichuk, manager of the Commerce's Whitehorse outlet: "If the government wants more service in the communities, it is going to have to pay for it."

—JAMES BUTLER in Whitehorse

Across the miles with care... Tippet-Richardson

We are one of North America's foremost moving companies with full service offices in virtually every centre— plus, regularly-scheduled services to most major points in Canada and the U.S.A.

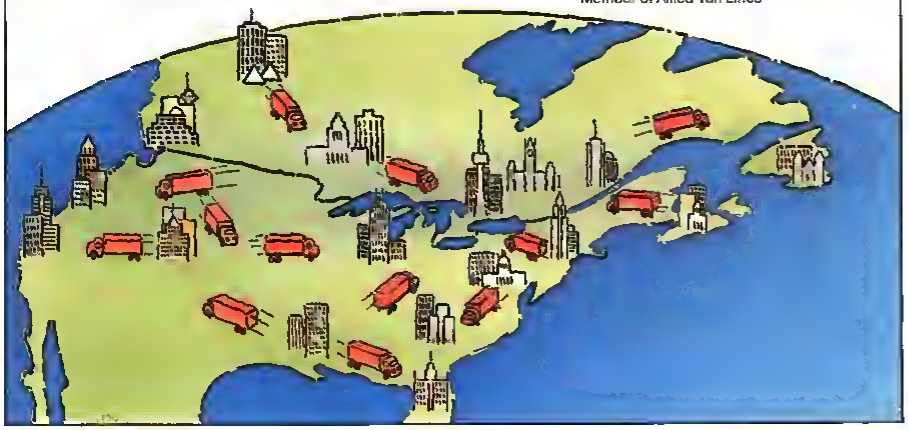
Tippet-Richardson's reputation has been built on almost 60 years of experience in providing the finest care for your valued possessions. Our commitment to service extends to every stage of your move.

We'll even visit you after the move to make sure that you have received the quality treatment you deserve. And, we're flexible... together, we'll design a moving program that fits your needs and budget.

Whether your next move is local, across the continent or overseas .. go with Tippet-Richardson.

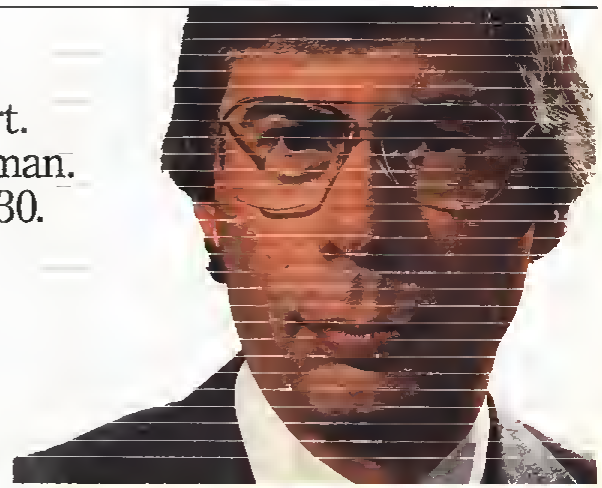
Call us today at 1-800-268-6753

(T-R) TIPPET-RICHARDSON LIMITED
Member of Allied Van Lines



Global News. Informed, intelligent, television.

Global News.
The World Report.
With Peter Trueman.
Weeknights at 6:30.



Global Television Network

RESIST
THE
USUAL

TASTE
THE
REWARDS

TEACHER'S
HIGHLAND CREAM
SCOTCH WHISKY

A game of cat and mouse



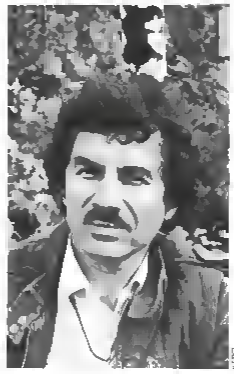
Monsieur Emile (Guillaume Lemay-Thivierge) in Le Matou *horseradish*

THE ALLEY CAT
By Yves Beauchemin
Translated by Sheila Fischman
(McClelland and Stewart,
450 pages, $14.95)

From the opening page of *The Alley Cat*—the long-awaited English translation of Yves Beauchemin's 1981 novel, *Le Matou*—characters are governed by circumstances beyond their control. Launching the intrigue, a bronze letter falls from a sign at the top of an old post-office building in Montreal and crushes the skull of a passing pedestrian. A young salesman who sees the accident, Florent Boissonneault, dutifully comes to the victim's aid and calls the police, while a mysterious old man named Egon Ratablavasky looks on. Later, Ratablavasky furtively contacts Boissonneault and rewards his good deed by making him the owner of a profitable restaurant at a nominal price. The young man is soon in command of a culinary gold mine. But his shadowy benefactor turns out to be a treacherous villain, and Boissonneault finds himself trapped in a vicious cycle of misfortune and betrayal.

The Alley Cat has undeniable appeal. The French-language original has already sold almost 200,000 copies in Quebec and more than 500,000 in France. While the English version was stalled by the overtaxed schedule of top-ranking Canadian translator Sheila Fischman, the novel had already been published in Finnish, Swedish, Norwegian, German, Portuguese and Polish. And a recent movie adaptation of *Le Matou* has drawn almost 600,000 viewers to Quebec cinemas. Still, the book may frustrate as many readers as it charms. With its cartoon humor and Byzantine plot, *The Alley Cat* treads a fine line between enchantment and excess.

Beauchemin treachery



Although some critics have called the novel Dickensian, less charitable readers might consider it annoyingly old-fashioned. Like Charles Dickens, Beauchemin displays a penchant for preposterous names which mimic his characters' personalities. Boissonneault's

CAR
REPAIRS
GUARANTEED
FOR LIFE!

LIFETIME
SERVICE
GUARANTEE

It's incredible
but true.

Hundreds of Ford
and Mercury dealers*
guarantee most
repairs far as lang
as you own your car.

The Lifetime Service Guarantee Ford and Mercury dealers* guarantee their repairs on Ford built cars and light trucks for as long as you own your vehicle. You pay for a covered repair once. Never again. If the same part ever has to be replaced through normal use, your Ford or Mercury dealer* will fix it free. Free Parts. Free Labour. And the guarantee covers thousands of parts, with the exclusion of regular maintenance parts such as plugs, filters and trim.

The Lifetime Service Guarantee. Proof positive that your Ford and Mercury dealers* are committed to providing QUALITY CARE FOR QUALITY CARS AND LIGHT TRUCKS. See your Ford or Mercury dealer* for complete details.

*At participating dealers only.
This program is not available in all provinces. See your dealer for details.

FORD MERCURY

Quality is Job 1.
In Everything We
Sell and Service.



"Peter," I said,
"How come your hair looks so healthy?"

"Tegrin Medicated Dandruff Shampoo," he replied to my amazement.



1. Me: Tegrin Medicated Dandruff Shampoo. Isn't that just for problem dandruff?

Peter: If you want healthy looking hair – you have to start by getting hair and scalp really clean.



2. Peter: When I shower I use Tegrin regularly to do a thorough cleaning job.

Me: And your clean, healthy-looking hair is proof that Tegrin helps control dandruff.



3. Peter: Right. And Tegrin also helps control that itchy scalp that used to annoy me.

Me: Again, it shows Tegrin gets your scalp really clean.



4. Me: I'm going to give Tegrin Medicated Dandruff Shampoo a try myself.

Peter: You should try the herbal scent. Works just as hard as regular Tegrin to get your hair and scalp really clean.

former boss is bald-headed Mr. Spufferbug; his backstabbing partner in the restaurant business is an anglophone named Shipskin. Boissonneault and his wife, Elise, have adopted a dog named Virtue, a cat named Breakfast and a six-year-old alcoholic street urchin, Monsieur Emile.

Unlike Dickens, however, Beauchemin fails to fulfil the great expectations that his narrative sets up. The book does contain some splendid passages, notably a description of a blizzard that made the night disappear into "a vast white confusion" and left the streets "bloated with snowbanks." But Beauchemin's prose can be coyly baroque, especially in portraying women. He describes a calendar pin-up as "a Mexican girl with overflowing breasts, who was about to bite into a banana with somewhat questionable avidity." Admittedly, some of the writing's original subtlety may have vanished in translation. But the author's heavy-handed touch goes beyond language. Too often his characters verge on caricature, and their dialogue bristles with more exclamation marks than a TV sitcom script. Boissonneault's favorite expression is "Holy horseradish!"

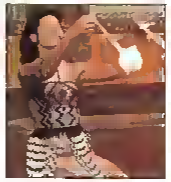
The Alley Cat is a moral tale filled with stereotypes. And Beauchemin, an ardent supporter of the Parti Québécois, has used the novel to portray the frustrated ambitions of the nationalist entrepreneurs. The embattled restaurant serves as a symbol for Quebec. Boissonneault is the aspiring petty merchant fending off a conspiracy of decent Ratablavasky, a wealthy immigrant who gives off "a vile odor," remains an enigma of unknown ethnic origin—but some critics have accused Beauchemin of anti-Semitism. Meanwhile, the impudent but lovable Monsieur Emile bears the tattered banner of Quebec's working-class youth.

Buoyant with cute mannerisms, the characters bob in and out of the burlesque plot. But what is most disturbing about *The Alley Cat* is its reckless inconsistency. After faithfully shepherding his characters through every mundane waking moment, Beauchemin abandons them, his comedy veering abruptly into violence and existential gloom. While a nagging social satire lurks beneath the narrative, its final target remains obscure. The author has cluttered his story with local settings—including a dozen bars and restaurants in the neighborhood of Montreal's Rue St-Denis—but his writing rarely evokes a sense of place. Ultimately, *The Alley Cat* is stranded midway between reality and fantasy, without finding a home in either domain.

—BRIAN D. JOHNSON

NEW ZEALAND. IT'S A WHOLE NEW WORLD.





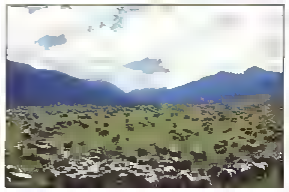


It's a world where the scenery will take your breath away, the people are friendly, and your dollar can go so far you'll want to stay forever.

New Zealand is waiting to welcome you with an exchange rate that makes a holiday in this marvellous land wonderfully affordable.

No other country offers you such a panorama of scenery, from towering mountains to sky-blue lakes to rich green pastures to magnificent glaciers.

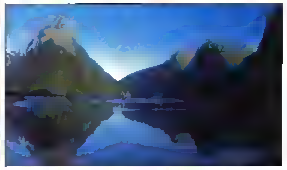




Discover a land with uncrowded spaces and clean, crisp air. Enjoy great skiing, interesting tours. Walk, motor, and ride in countryside that's invigorating to explore. Experience the Maori culture. Luxuriate in steaming thermal pools. Visit working farms. Relax amid the beauty of one of New Zealand's many National Parks. Be ready for trout fishing, rolling golf courses, yacht cruising. Treat your tastebuds to New Zealand's specialty dishes.



Visit cosmopolitan Auckland. You'll look over a sparkling harbour beneath a backdrop of ancient volcanic cones. Wellington is New Zealand's busy, thriving capital. Christchurch is a city filled with English charm and atmosphere overlooking the River Avon.



But most of all, get to know New Zealanders. They're a friendly, fun-loving people. Stay in homey bed and breakfast accommodations or stay overnight with a New Zealand family on a farm. Hospitality is guaranteed.



Prices start as low as $158 Canadian per person plus air fare for an unforgettable 8-day fly/drive holiday. It's a wonderful world in New Zealand, and it's never been so accessible as it is right now.

Ask your travel agent or send for our Information Kit plus details on a whole range of attractive packages from independent to fully escorted.

Name _____

Address _____

City _____

Prov _____ Postal Code _____

Mail to: New Zealand Tourist and Publicity Office
Box 10071, Pacific Centre
Vancouver B.C. V7Y 1B6

NZTP New Zealand Tourist and Publicity Office

and

air new zealand

TORONTO TRUST CEMETERIES

A part of Toronto's history:

Number one in a series.

Religious restrictions at most cemeteries in the early nineteenth century prompted a group of public spirited citizens to form the first non-sectarian non-profit public cemetery in Toronto in 1826. The York General Burying Grounds quickly dubbed locally as Potters' Field, was located at the now fashionable corner of Yonge and Bloor streets.

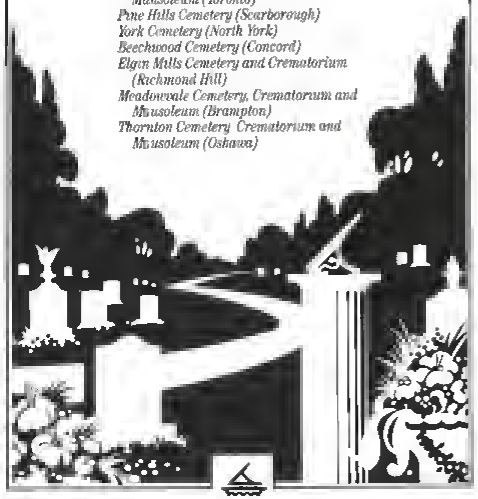
The tradition continues. Today the group, now known as Toronto Trust Cemeteries, administers nine properties including some of the most beautiful and historic in the area.

Compare us

We invite you to compare our facilities and services. For more information phone 960-3443. There is absolutely no obligation and no salesperson will call on you.

Toronto Trust Cemeteries is a non sectarian, non profit public service organization commemorating its 160th year.

Toronto Necropolis and Crematorium
Mount Pleasant Cemetery, Crematorium and Mausoleum (Toronto)
Prospect Cemetery, Crematorium and Mausoleum (Toronto)
Pine Hills Cemetery (Scarborough)
York Cemetery (North York)
Beechwood Cemetery (Concord)
Elgin Mills Cemetery and Crematorium (Richmond Hill)
Meadowvale Cemetery, Crematorium and Mausoleum (Brampton)
Thornton Cemetery, Crematorium and Mausoleum (Oshawa)



TORONTO TRUST CEMETERIES
COMPARE US

FOR THE RECORD

Swing, sleek and playful

DOOMSDAY MACHINE
Denny Christianson Big Band
(Justin Time)

Doomsday Machine, the debut album of Montreal's Denny Christianson Big Band, is a generous offering of urbane, romantic jazz. The expansive, Latin-style *Pianos* and the elegant *What's New*, with its sophisticated, sweeping sound, both typify trumpeter-leader Christianson's stunning arrangements. His 19-member band's power and solo energies also stand out, especially when Richard Beaudette sets Christianson's swing piece, *Straight, No Half Tone*, ablaze with his fiery saxophone. Drummer Pierre Pilon and bassist Vic Angelillo even give such comparatively relaxed songs as *This is Not the Time* an irresistible propulsion. But Christianson's astonishingly sleek orchestrations, above all, are what make *Doomsday Machine* one of the finest Big Band records to come along in years.

MODERN PRIMITIVE
The Canadian Aces
(Featuring The Tobin Sisters)
(Axe)

The Toronto-based, seven-member Canadian Aces have attracted a loyal following with their affable but theatrical approach to swing-era pop music. On their debut album, *Modern Primitive*, the Aces perform with reckless nostalgia as they toy with such novelty tunes as *Gang Busters*, *Choo Choo Cha Boogie* and *You're My Dish*. Although leader Scott (Professor Piano) Cushnie and guitarist Mitchell Lewis possess an apparently encyclopedic repertoire, none of their musicians step outside the campy arrangments to inject any real jazz into the music. The two Tobin Sisters reproduce vocal stylings from the 1930s and 1940s with a folksy nonchalance which lends a charming humor to the harmonies on *I Thank You*, *Mr. Moon* and *On a Slow Boat to China*—but the group's stance is too posed and the rhythm section too wooden for the music to be infectious. Still, the Canadian Aces offer a pleasant pastiche—and turn *Modern Primitive* into an album that takes the listener on a playful tour down memory lane.

—BART TESTA



O'Connell, Bowie (below): a vibrant, neon-lit view of Soho's jazz scene in an ultimately empty music video

FILMS

Dancing in the street

ABSOLUTE BEGINNERS
Directed by Julien Temple

An extremely ambitious film, *Absolute Beginners* attempts to capture the emotional flavor of British life and music in the late 1950s. Highly stylized and lushly designed, it has energy to burn and a camera that pans across a sprawling yet intricate set. Adapted from Colin MacInnes's 1959 novel about growing up in a London of jazz music and race riots, the film is actually a state-of-the-art music video carried to an extreme. Nearly two hours long, it features frenetic pacing, dazzling colors and plenty of pop music. Eventually, all the visual excitement—and the insipid script—crestes numbness. Still, as empty experiences go, *Absolute Beginners* has many infectious moments.

Director Julien Temple, best-known for his work on rock videos, has transformed MacInnes's coming-of-age tale into a musical extravaganza. The film follows a photographer, Colin (Eddie O'Connell), around an inner-city London, newly emerged from the bombed-out greyness and penny-pinching ways of the postwar years. In their place are striking neon colors, the Beat Generation and a new breed of acquisitors chasing after all the dreams that money can buy. At night Colin leaves his racially mixed slum neighborhood to become a denizen of downtown Soho—its streets lined with prostitutes and poets, sailors and jazz musicians. There, everyone seems to move to the same beat, and the film slips into a stylized bacchanal.

From its opening sequence, shot by a rapidly moving camera in Soho streets, *Absolute Beginners* promises a vibrant, finger-snapping panorama of the jazz world. But the film's plot soon spoils the appeal. First, Colin's girlfriend, Crepe Suzette (Patsy Kensit), succumbs to the temptations of a purse-lipped fashion designer named Henley (James Fox) and deserts Colin, while singing a song called *Having It All*. Dejected, Colin visits his equally depressed father (Ray Davies, leader of The Kinks rock group), who sings of longing for "the quiet life."

But back at home, things are little better: a racist gang of whites—encouraged by a greedy developer—is using violence to drive blacks from the area. Then Colin, too, turns to the world of glamor, personified by American gossip columnist Dido Lament (Anita Morris). But he repents in time to help his black neighbors in a final riot scene and manages to rescue Suzette from the clutches of her false idol, Henley, as well.

It is difficult to imagine a more banal script. Worse, the score of *Absolute Beginners* fails to capture the excitement of 1950s music. But visually the film is outstanding, and there are several excellent video-like sequences. Current pop rage Sade sings a sultry number in Colin's favorite hangout, a jazz spot called Chez Nobody. And the highlight features pop superstar David Bowie as the developer's marketing agent, taunting Colin with the words, "We don't sell things, we sell dreams," as he tap dances down the keyboard of a gigantic typewriter.



Bowie's kaleidoscopic performance reveals the aim of *Absolute Beginners*. With its flashy style and sensational colors and sounds, the film is cynically constructed to sell a momentary experience to a young audience. The title refers to Colin's contention that it is better to be one of life's struggling innocents than a smug veteran of the establishment. The makers of *Absolute Beginners* never took that theme seriously.

—LAWRENCE O'TOOLE



Bonetti, Bigell: forging a mysterious beauty out of landscapes and faces

Voices from the land

KAOS
Directed by Paolo and Vittorio Taviani

Born near a Sicilian forest known as Cavusu—a corruption of the ancient Greek word *Kaos*—author Luigi Pirandello once wrote, "I am a native son of chaos." In such plays as *Six Characters in Search of an Author*, he drew the line between the real and the fantastic. Paolo and Vittorio Taviani (*Padre, Padrone*) have fused four of Pirandello's short stories into their magnificent new film *Kaos*. As in previous work, the Tavianis forge a sensuous, mysterious beauty out of landscapes and faces. In fact, *Kaos* has such emotional breadth that most other films wither in comparison.

A prelude and an epilogue link the four Sicilian tales. As the film opens, a group of shepherds find a crow tangled in a net. They free it and the crow soars away, becoming the eye of the camera and moving from one story into the next. In the first and most powerful of the tales, *The Other Son*, an old, illiterate peasant woman (Margerita Lozano) pleads with a doctor (Carlo Cartier) to write a letter to her two sons in America. Meanwhile, she ignores her weeping third son. Through flashbacks, the audience finally learns that he is the child—and near image—of a man who killed her husband and raped her long ago.

The film's main characters, all peasants, are prisoners of their pasts. *Moonstruck* is about a man whose mother left him in the moonlight when he was an infant. Now, during the full moon, the newly married Bata (Claudio Bigall) becomes deranged, howling and pounding at the doors of his cottage. The next month his wife (Enrica Maria Modugno) invites her cousin, Saro (Massimo Bonetti), to stay with her in the locked cottage. While Bata screams outside, they make love. The horrific and hilarious tale contrasts starkly with the first story—but the two are connected by the wild confusions of their protagonists.

In the weakest tale, *The Jar*, a hunchback (Franco Franchi) accidentally seals himself in a landowner's earthenware jar while repairing it. The low comedy of his struggle to be freed clashes with the rest of the film. But brilliance returns with the crow's last journey, into *Requiem*. In it, a landowner has forbidden peasants to bury their dead on the land they work. Defiantly, one old patriarch (Salvatore Rossi) waits with his entire family by his graveside—unable to die.

In the astonishing epilogue, Pirandello (Omero Antonutti) returns to his native village and faces and landscapes from the preceding stories begin to merge. He dreams he is talking with his dead mother (Regina Bianchi) and starts to cry. Then, with a magical flourish, the Tavianis take him back to childhood as he and his sisters ecstatically slide down an extinct volcano, the film suggests that such moments make the rest of life's chaos bearable.

—LAWRENCE O'TOOLE

THEATRE

The pain of budding love

SPRING AWAKENING
By Frank Wedekind
Directed by Derek Goldby

Like many 19th-century plays dealing with sexual taboos, *Spring Awakening* by German dramatist Frank Wedekind had a controversial launch. Written in 1891, the play bluntly attacks adult hypocrisy about adolescent eroticism. Its explicit presentation of teenage masturbation and homosexual kissing kept the drama from reaching the German stage until 1906. In Canada, *Awakening* first appeared in 1970 at Toronto's Theatre Passe Muraille. Now, that city's CentreStage has broken new ground with a visually spectacular production that—for the first time anywhere, according to promoters—casts teenage actors in the youthful roles. Directed by Derek Goldby, *Awakening* has the energy of a graduation romp, although it sometimes grows too shrill for comfort.

Wedekind's vision is unapologetically one-sided. The two 14-year-old lovers, Melchior (Corin McFadden) and Wendla (Niki Kemsny), are bewildered innocents in a world of grotesque grown-ups who appear wearing syphilitic noses. Wendla becomes pregnant, while Melchior becomes implicated in the suicide of his best friend, Moritz (Andrew Miller), who shoots himself out of libidinal frustration.

Awakening's insistence on sexual ignorance as the root of social disturbance seems dated. But its depiction of a world where fear often masquerades as love is still a legitimate message. The older, more experienced actors who play such monstrous grown-ups as Reverend Baldbelly (Shaun Austin-Olsen) steal the show. By contrast, many of the young actors appear lost on the huge stage.

The play is the fourth production of CentreStage's Bill Glassco, appointed director of theatre one year ago. Last week Glassco announced plans to create a theatre company "of national scope" by merging with Toronto Free Theatre. His company's production of *Spring Awakening* indicates that, while he may not always produce satisfying drama, he is not afraid to challenge his audiences by extending the frontiers of Canadian theatre.

—JOHN BEMROSE



Petersen, Sahm and blues guitarist Johnny Copeland: an enviable reputation

FOR THE RECORD

The eclectic music man

Even in the music world, they made an odd couple. In a Toronto nightclub two weeks ago, a tall, glittery rock superstar emerged from the audience to shake hands with a slight, middle-aged music legend in a cowboy hat. Paul Stanley, lead guitarist of the flamboyant rock group Kiss—in Toronto as part of a current tour—was paying his respects to the lesser known Doug Sahm, a man who helped pioneer a spirited blend of rock 'n' roll with Tex-Mex music. But Sahm himself—along with country star Sylvia Tyson, guitarist Amos Garrett and others from blues, folk and bluegrass music—was also paying a tribute that night to Edmonton's Holger Petersen and his company, the small but adventurous Stony Plain Records. Now, the company is marking its 10th anniversary with a double-record sampler of their music, to be followed soon with new albums by Canadians Colin Linden and the western-swing band Prairie Oyster. Said Tyson: "Holger provides one of the few alternatives to today's disposable music."

It is unusual for an independent Canadian record company to be able to survive in an industry dominated by U.S. multinationals. As well, Stony Plain has built its enviable reputation on what Petersen calls "minority music," the noncommercial kind that major record companies usually reject. *Birthday Present*, the two-record set, includes 35 tracks by many of the artists whose work has been featured on the almost 100 albums that Stony Plain has released since 1975.

The names read like an honor's list of musicians who each soared to the top of their class. John Hammond, King Biscuit Boy, Clarence "Gatemouth" Brown and Doc Watson are among the label's country and blues artists. The set also includes songwriters Loudon Wainwright III and Roy "Bim" Forbes, the rollicking New Orleans sounds of the Neville Brothers and the a cappella vocal group The Persuasions. And the sultry sweetness of jazz singer Maria Muldaur and the elegant guitar of Amos Garrett are also featured on *Birthday Present*. They all reflect Petersen's personal preference for styles that contain the roots of popular music. Said British blues-based singer Long John Baldry, who has never recorded for Stony Plain but is a longtime admirer: "Holger is a blues fanatic with eclectic tastes. There's a current resurgence of rhythm and blues music, and he's partly responsible."

Petersen, 36, says that he has been "a music junkie" since his adolescence in Edmonton. Then, in 1970 he started working for Edmonton's CKUA radio station—where he now hosts and produces two programs—and had access to the station's library of more than 35,000 records. He also played drums in a group called Spiny Norman's Whoopee Band which, Petersen recalls, took its name from a Monty Python character. "It was off-the-wall," he added. "We had one guy who would squeeze vegetables into a microphone or pound them with mallets."

Working at CKUA and staging concerts with the artists whom it featured, Petersen developed enough contacts in the music business to start up his own record company. Currently, Petersen runs Stony Plain as a one-man operation from a bedroom in his Edmonton house. Using master tapes that he licenses from independent labels around the world, records are pressed and distributed across Canada through RCA. He usually breaks even on sales of 2,000 copies, but makes a profit when he sells abroad, mostly to the United States. He admits that he finds it strange that "a Canadian boy exports records by Doug Sahm of Austin, Tex., back to the United States via Edmonton."

Despite his association with influential noncommercial artists, Petersen says that he is striving for a hit. That may happen with *The Immortals*, the debut album from Toronto's guitar talent Colin Linden, whose polished pop compositions may gain airtime on Canadian Top 40 radio when it is released next week. If that happens, the tall, bearded Petersen could become the Robin Hood of Canadian music, taking riches from commercial success to continue bankrolling Stony Plain's acclaimed minority music artists.

—NICHOLAS JENNINGS

MACLEAN'S BEST-SELLER LIST

Fiction

1 **The Bourne Supremacy,** *Ludlum (1)*
2 **Lie Down with Lions,** *Follett (2)*
3 **The Mammoth Hunters,** *Auel (3)*
4 **Cyclops,** *Cussler (5)*
5 **The Handmaid's Tale,** *Atwood (4)*
6 **What's Bred in the Bone,** *Davies (7)*
7 **A Perfect Spy,** *le Carré*
8 **Gray Eagles,** *Unkefer (9)*
9 **Pursuit,** *Thayer (8)*
10 **Seasons of the Heart,** *Freeman (6)*

Nonfiction

1 **Fit for Life,** *Diamond and Diamond (1)*
2 **100 Best Companies to Work for in Canada,** *Innes, Perry & Lyon (2)*
3 **Bus 9 to Paradise,** *Buscaglia (3)*
4 **Up the Bill,** *Johnston (6)*
5 **Callsnetics,** *Pinckney with Batson (4)*
6 **Straight from the Heart,** *Chrétien (5)*
7 **Iacocca,** *Iacocca with Novak (7)*
8 **Going for It!,** *Kuzn (8)*
9 **Company of Adventurers,** *Newman (9)*
10 **Blessings in Disguise,** *Guinness (10)*

() Position last week

COLUMN

The docility of Canadians



By Allan Fotheringham

The docility of the Canadian public is incomprehensible to behold The rugged land of bush and rock is populated by 25 million sheep, who do not even bleat Canadians abide abuse and contempt from those on high that would cause riots in the streets anywhere else No one complains, no one protests. The country is still run by the private clique, bank directors in daisy-chain links with corporate directors, as it was 50 years ago

We are talking here of those at the top who make the big bucks and how they thumb their noses at you And how a docile government, Tory as well as Grit, is too weak-kneed to even keep watch on them There are two executives in Canada who seem likely to make $40 million apiece There are at least six executives in Canada who made more than $1 million last year How do we know? Because the Americans tell us so The United States, which is a democratic country, requires by law that companies must disclose all the goodies they heap on their pinstripe types—from cars to golf clubs to retirement benefits to golden handshakes In Canada, which is not quite so democratic, gutless Liberal governments before and a gutless Conservative government at present cozily protect the fat cats and will not let the public at such embarrassing evidence



So we have the ludicrous and humiliating situation that Canadian reporters, to find out what Canadian executives make, have to go to the Securities and Exchange Commission in Washington, since most of the Canadian biggies have their shares listed on U.S stock exchanges Cap in hand, tugging their forelocks, Canadians have to find out from a foreign country what is going on in their own land Gag me with a spoon.

Let us take, for our prime examples of greed and blind corpulence, Ross Turner and Angus MacNaughton They are at the top of Genstar Corp and chummily switch jobs annually as chairman and president. With Imasco's successful $2 5-billion takeover of Genstar, they stand to make some $40 million each in a combination of salary, shares they hold in a private partnership and stock options they have garnered over the years

Is any bloated capitalist, whatever his genius, worth a $40-million windfall? You and I know he's not. Even Stephen Jarislowsky—perhaps even more Stephen Jarislowsky—knows it He's the brainy Montreal investment whiz whose firm looks after $4 billion worth of investments for his clients, most wealthy, some not He says the amounts coming to Turner and MacNaughton, whom he counts as friends, are "absolutely outrageous And what have they done for that? They took absolutely no risk."

You want another screamer? The Daffy Duck act of Canadian corporations, Dome Petroleum, had to file its annual report this month with the SEC in Washington Only then could Canadians discover details of a deal in which Dome, in effect, is in receivership and has passed all its assets over to the banks, which are owed some $6 billion Dome is now a joke, but an even better joke is the golden parachute arranged by the guy who runs it, Howard Macdonald A Scottish accountant who was treasurer of Royal Dutch/Shell, second largest oil outfit in the world, Macdonald was hired by Dome in 1983 to save it He, first of all, being a good Scot, negotiated a personal-service contract Basic wage? The SEC, not gutless Ottawa, tells us it was $812,768 last year Better still, $4 million in a trust fund that he will get if he quits or gets fired, if Dome falls or thrives

He is now openly contemptuous of the once-greedy bankers who, in effect, own Dome and don't dare put it into bankruptcy Citibank of New York is owed $2 billion The Bank of Montreal is owed $800 million, the Royal $300 million and on down the line Says the banking analyst for Merrill Lynch Canada "There's all this talk about the banks in trouble You can be sure the shareholders will be wiped out first"

The fat cats looked after themselves last year. You don't like your telephone service? Phone Bell chairman Jean de Grandpré, who made $882,100 Oil prices plunging? Please send a commiseration card to Imperial Oil executive vice-president William Young who limped by on $962,399 Which is better than the $675,675 for Imperial Oil executive vice-president Bob Peterson Must be expensive times around the water cooler in that joint.

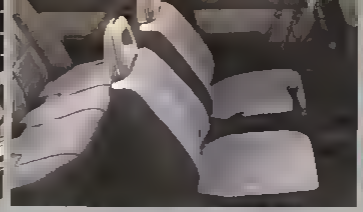
The mining industry in trouble? One George Albino of Rio Algom made $1,036,884 Company perks? Dome Mines' chairman Fraser Fell had a golden parachute worth $950,000 plus a clause guaranteeing that if his company is taken over, his present stock options were good for another 10 years And wouldn't we like to know what is being made by Mickey Cohen, the former deputy minister of finance who quickly moved to the Reichmann family's privately held Olympia & York empire?

Michael Wilson, the terribly earnest current finance minister, may go into history with only one quote "Canada doesn't have enough millionaires" That may or may not be true, but every institution in history has been killed not by its enemies but by those idolaters who abuse it, as Marcos and Imelda's shoe collection has proven once again We get the millionaires we deserve

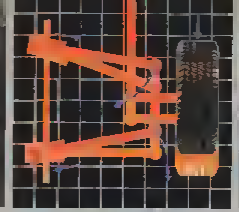
Allan Fotheringham is a columnist for Southam News.



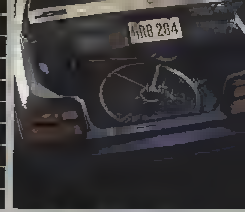
This year the front wheel drive 626 benefits from a more responsive 2 0-litre OHC engine equipped with multi-point fuel-injection



Besides 4-door convenience, you get 60/40 split fold-down rear seatbacks A 6 way adjustable driver's seat with lumbar support. A center console. Full cut-pile carpeting. Tinted glass And much more



The independent rear suspension uses Mazda's patented Twin Trapezoidal Linkage to neutralize toe-out forces and enhance directional stability



The 626 has a cavernous 14 cu ft trunk Even skis or a full-size bike can come along with the help of the 626's split-down rear seatbacks.

MAZDA 626 HAS MANY THINGS IN COMMON WITH THE GREAT GERMAN ROAD CARS.

PRICE ISN'T ONE OF THEM.



THE 1986 MAZDA 626 SEDAN.

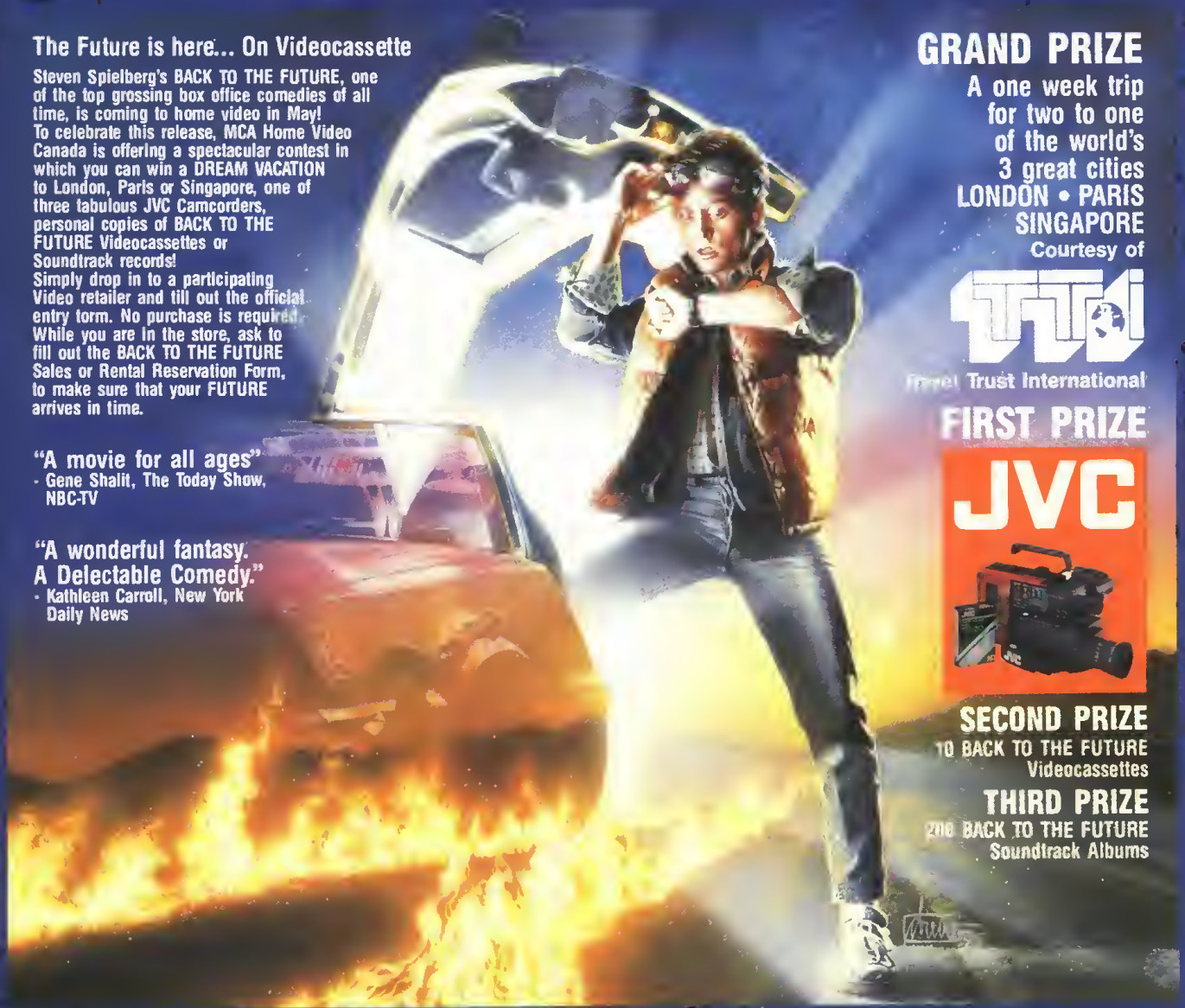
mazda

MAZDA SETS THE STANDARD

STEVEN SPIELBERG Presents

BACK TO THE FUTURE

A ROBERT ZEMECKIS Film



The Future is here... On Videocassette

Steven Spielberg's BACK TO THE FUTURE, one of the top grossing box office comedies of all time, is coming to home video in May! To celebrate this release, MCA Home Video Canada is offering a spectacular contest in which you can win a DREAM VACATION to London, Paris or Singapore, one of three tabulous JVC Camcorders, personal copies of BACK TO THE FUTURE Videocassettes or Soundtrack records!
Simply drop in to a participating Video retailer and till out the official entry torm. No purchase is required. While you are in the store, ask to fill out the BACK TO THE FUTURE Sales or Rental Reservation Form, to make sure that your FUTURE arrives in time.

"A movie for all ages"
- Gene Shalit, The Today Show, NBC-TV

"A wonderful fantasy. A Delectable Comedy."
- Kathleen Carroll, New York Daily News

GRAND PRIZE

A one week trip for two to one of the world's 3 great cities
LONDON • PARIS
SINGAPORE
Courtesy of

Travel Trust International

FIRST PRIZE

JVC

SECOND PRIZE

10 BACK TO THE FUTURE Videocassettes

THIRD PRIZE

200 BACK TO THE FUTURE Soundtrack Albums

ENTER NOW AT PARTICIPATING VIDEO RETAILERS

AMBLIN ENTERTAINMENT

MCA HOME VIDEO CANADA

©1985 Universal City Studios Inc. All Rights Reserved